JEFFERSON CONSERVATION DISTRICT

Financial Statements
And
Supplemental Information
With
Independent Audit Report

December 31, 2025 and 2024

JEFFERSON CONSERVATION DISTRICT

CONTENTS

WATSON COON RYAN
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jefferson Conservation District
Jefferson County, Colorado

Opinion

We have audited the financial statements of the business-type activities of Jefferson Conservation District, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Jefferson Conservation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities of Jefferson Conservation 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 Jefferson Conservation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Jefferson 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.

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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 and *Government 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jefferson 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jefferson Conservation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson Conservation District's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual 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 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 9, 2026 on our consideration of Jefferson Conservation District's internal control over financial reporting. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting, and not to provide an opinion on the effectiveness of Jefferson Conservation District's internal control over financial reporting. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jefferson Conservation District's internal control over financial reporting.

Watson Coon Ryan, LLC

WATSON COON RYAN, LLC
CENTENNIAL, COLORADO
JULY 9, 2026

JEFFERSON CONSERVATION DISTRICT
Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Assets:		
Current assets:		
Cash	$ 586,181	$ 361,777
Certificate of deposit	308,687	--
Accounts receivable	71,270	629,165
Grants receivable	441,578	409,732
Total current assets	1,407,716	1,400,674
Noncurrent assets:		
Capital assets, net of accumulated depreciation	14,753	26,203
Total assets	$ 1,422,469	$ 1,426,877
Liabilities:		
Current liabilities:		
Accounts payable	272,659	307,279
Accrued liabilities	61,540	40,375
Unearned grant revenue	165,406	96,500
Total current liabilities	499,605	444,154
Net position:		
Net investment in capital assets	14,753	26,203
Restricted for emergencies	90,600	99,400
Unrestricted	817,511	857,120
Total net position	$ 922,864	$ 982,723

The accompanying notes are an integral part of this financial statement.

JEFFERSON CONSERVATION DISTRICT
Statements of Revenues, Expenses, and Change in Net Position
For the years ended December 31, 2025 and 2024

	2025	2024
Operating Revenues:		
Charges for Services	$ 643,373	$ 1,604,709
Grants	3,007,600	1,899,586
Miscellaneous	5,616	5,212
Total operating revenues	3,656,589	3,509,507
Operating Expenses:		
Employee expenses	871,132	855,798
Contractor services	1,985,542	2,319,419
Subrecipient payments	721,190	188,370
Operating	19,903	26,246
Management	5,433	6,570
Administration	84,672	46,273
Travel	17,126	19,184
Depreciation	11,450	13,495
Total operating expenses	3,716,448	3,475,355
Change in net position	(59,859)	34,152
Net position, beginning of year	982,723	948,571
Net position, end of year	$ 922,864	$ 982,723

The accompanying notes are an integral part of this financial statement.

JEFFERSON CONSERVATION DISTRICT

Statements of Cash Flows

For the year ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities:		
Cash received from charges for services	$ 1,169,422	$ 1,188,538
Cash received from grants	3,076,506	1,996,086
Cash received from other sources	5,616	5,212
Cash payments to employees	(849,967)	(845,538)
Cash payments to suppliers	(2,868,486)	(2,420,501)
Net cash provided (used) by operating activities	533,091	(76,203)
Cash Flows From Investing Activities:		
Purchase of certificate of deposit	(864,598)	--
Sale of certificate of deposit	561,172	--
Reinvested interest	(5,261)	--
Net cash used by investing activities	(308,687)	--
Net change in cash and cash equivalents	224,404	(76,203)
Cash and cash equivalents, beginning of year	361,777	437,980
Cash and cash equivalents, end of year	$ 586,181	$ 361,777
Reconciliation of Change in Net Position to Net Cash Provided by Activities:		
Operating loss (income)	$ (59,859)	$ 34,152
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation	11,450	13,495
Decrease (increase) in:		
Accounts and grants receivable	526,049	(416,171)
Increase in:		
Accounts payable	(34,620)	185,561
Accrued liabilities	21,165	10,260
Unearned grant revenue	68,906	96,500
Net cash provided (used) by operating activities	$ 533,091	$ (76,203)

The accompanying notes are an integral part of this financial statement.

Note 1: Summary of Significant Accounting Policies

A. Background

The Jefferson Conservation District (the District) was formed to provide conservation services and technical assistance to landowners. These services are financed by fees assessed on landowners that implement conservation practices such as forest stand improvement and wildfire mitigation. The District operates within Jefferson, Clear Creek, and Gilpin Counties in Colorado.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

B. Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the District.

Based on the application of this criteria, the District does not include additional organizations in its reporting entity

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where a fee is charged to external users for goods or services.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Position

Cash and Cash equivalents - For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Certificate of Deposit – The District holds money in nonnegotiable certificates of deposit that are valued at amortized cost. The Certificate of Deposit matures March 2026 and bears an interest rate of 3.63%. There were no certificates of deposits held during the year ended December 31, 2024.

Accounts Receivable - Amounts due to the District from services provided are reported as accounts receivable. The District's management reviews accounts receivable periodically to consider the collectability of the balances. District management believes all accounts receivable to be fully collectible as of December 31, 2025 and 2024. Therefore, no allowance for uncollectible accounts has been established.

Grants Receivable and Unearned Grant Revenue - Grants receivable represent amounts due to the District under various grant agreements with federal, state, and local agencies. The District participates in cost-reimbursable grant programs under which allowable costs are incurred in accordance with the terms of the applicable grant agreements and are subsequently reimbursed by the grantor. For cost-reimbursable grants, the District recognizes grants receivable and grant revenue when eligible expenditures have been incurred and all applicable eligibility requirements, including time and purpose restrictions, have been met.

Amounts received from grantors before the related eligibility requirements have been met are reported as unearned grant revenue, as applicable, in the Statements of Net Position. Such amounts are recognized as grant revenue in the period in which the District satisfies the applicable eligibility requirements under the grant agreements.

Grants receivable are recorded at their net realizable value. Management evaluates collectability based on the terms of the grant agreements, the status of reimbursement requests, and historical collection experience. Allowances for uncollectible amounts are established, if necessary, through a provision for bad debts. District management believes all grants receivable were fully collectible as of December 31, 2025 and 2024. Accordingly, no allowance for uncollectible accounts has been established.

Capital Assets - Capital assets are defined as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

Capital assets are depreciated using the straight-line method over the estimated useful lives. Vehicles are depreciated over five years.

Leases and Subscription-Based IT Arrangements - Under GASB 87 and 96, the District recognizes short-term lease payments as outflows of resources based on the payment provisions of the lease contract.

Compensated Absences - District employees are allowed to accumulate unused personal time off (PTO). No employee is eligible to have more than a maximum of their annual PTO accrual plus 40 hours in their PTO bank at any one time. Upon termination of employment from the District, an employee will be compensated for all accrued PTO. These compensated absences are recognized as a liability in the financial statements when earned.

Net Position - Net position is classified as net position and may be displayed in three components:

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets." This net position is available for future operations or distributions.

For presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

While the unrestricted net position does not have any legal constraints on its use, the accumulation of these amounts may be necessary to offset significant unforeseen capital repairs and for the development of capital projects that may be necessary in future years. These amounts do not meet the accounting definition to be considered restricted, but the District believes this balance is necessary to ensure adequate reserves are available when the need does arise.

E. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance for these risks of loss.

F. Estimates

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

G. Reclassification

Certain amounts previously presented as administrative income were reclassified in the accompanying Statement of Revenues, Expenses, and Changes in Fund Net Position for presentation purposes. The reclassification was made to conform the presentation of administrative income with the District's current-year financial statement presentation.

H. Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

Note 2: Stewardship, Compliance, and Accountability

Budgets

Budgets are required by State statutes and are adopted on a non-GAAP budgetary basis. Capital outlay is budgeted as an expense and depreciation is not budgeted. The District follows these procedures to establish the budgetary information reflected in the financial statements:

- Prior to December 31, an annual budget and appropriation resolution is adopted by the Board of Supervisors in accordance with State statutes.
- Public hearings are conducted to obtain citizen comments.
- Expenditures may not legally exceed appropriations. Revisions that alter the total appropriations must be approved by the Board of Supervisors.
- All appropriations lapse at year end.

Note 3: Cash and Certificates of Deposit

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District's deposits as of December 31, 2025 and 2024 was $586,181 and $361,777, respectively and bank balances were $584,052 and $364,524, respectively.

Note 4: Capital Assets

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

	January 1, 2025 Balance	Additions	Deletions	December 31, 2025 Balance
Capital assets:				
Vehicles	$ 67,471	$ -	$ -	$ 67,471
Less: accumulated depreciation	41,268	11,450	-	52,718
Capital assets, net	$ 26,203	$ 11,450	$ -	$ 14,753

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

	January 1, 2024 Balance	Additions	Deletions	December 31, 2024 Balance
Capital assets:				
Vehicles	$ 67,471	$ -	$ -	$ 67,471
Less: accumulated depreciation	27,773	13,495	-	41,268
Capital assets, net	$ 39,698	$ 13,495	$ -	$ 26,203

Note 5: Deferred Compensation Plan

The District offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457(b). The plan is available to all employees and permits them to defer a portion of their compensation until future years. The Board of Supervisors determines the District's contributions to the plan. The District currently matches employee contributions to a maximum of 4% of each employee's compensation. During the years ended December 31, 2025 and 2024, the District contributed $22,737 and $23,372 to the plan.

Note 6: Commitments and Contingencies

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the District has established a reserve for emergencies representing 3% of qualifying expenditures. At December 31, 2025 and 2024, the reserve was reported as restricted net position in the financial statements, in the amount of $90,600 and $99,400, respectively.

Claims and Judgements

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the granter government. At December 31, 2025, certain grant expenses have not been audited by the grantors, but the District believes that subsequent audits will not have a material effect on the overall financial position of the District.

Note 7: Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2025. 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 fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers' compensation 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: Subsequent Events

The District has evaluated subsequent events through the report date, which is the date these financial statements were available to be issued.

JEFFERSON CONSERVATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual
For the year ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget
Operating Revenues:			
Charges for service	$ 928,130	$ 643,373	$ (284,757)
Grants	5,701,211	3,007,600	(2,693,611)
Miscellaneous revenue	--	5,616	5,616
Total revenues	6,629,341	3,656,589	(2,972,752)
Operating Expenditures:			
Employee expenses	1,000,000	871,132	128,868
Contractor services	5,467,977	1,985,542	3,482,435
Subrecipient payments	--	721,190	(721,190)
Operating	27,020	19,903	7,117
Management	5,199	5,433	(234)
Administration	49,370	84,672	(35,302)
Travel	15,400	17,126	(1,726)
Capital equipment	50,000	--	50,000
Total expenditures	6,614,966	3,704,998	2,909,968
Change in net position - non-US GAAP basis	14,375	(48,409)	(62,784)
Adjustments to US GAAP basis:			
Depreciation expense		(11,450)	
Change in net position - US GAAP basis		(59,859)	
Net position, beginning of year		982,723	
Net position, end of year		$ 922,864	

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
The Jefferson Conservation District
Jefferson County, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Jefferson Conservation District as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise Jefferson Conservation District's basic financial statements, and have issued our report thereon dated July 9, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson Conservation District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson Conservation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson Conservation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watson Coon Ryan, LLC

CENTENNIAL, COLORADO
July 9, 2026