East Prowers Weed Control District

Prowers County, Colorado

Financial Statements

December 31, 2025 and 2024

East Prowers Weed Control District
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Independent Auditor's Report

Board of Directors
East Prowers County Weed Control District

We have audited the financial statements of the business-type activities of East Prowers Weed Control 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities 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 audit 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

The District's 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.

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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

Management has elected to omit the management's discussion and analysis. The omission of this information does not affect our opinion on 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

rfarmer, llc

July 16, 2026

East Prowers Weed Control District
Statements of Net Position
Proprietary Fund
December 31, 2025 and 2024

	Enterprise Funds	
	2025	**2024**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 443,988	$ 388,853
Investments	158,639	150,000
Accounts receivable, net	14,993	-
Property taxes receivable	85,088	79,318
Inventories	51,750	54,616
Total current assets	754,458	672,787
Non-current assets:		
Fixed assets	57,290	57,290
Equipment and Furniture	64,349	64,349
Less accumulated depreciation	(89,520)	(85,860)
Total non-current assets	32,119	35,779
Total assets	786,577	708,566
LIABILITIES		
Current Liabilities:		
Accounts payable	363	5,469
Payments in advance	-	2,129
Total current liabilities	363	7,598
Deferred Inflow of Resources		
Property Taxes	85,088	79,318
NET POSITION		
Net investment in capital assets	32,119	35,779
Unrestricted	669,007	585,871
Total net position	$ 701,126	$ 621,650

The accompanying notes to financial statements
are an integral part of these statements.

East Prowers Weed Control District
Statements of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
for the years ended December 31, 2025 and 2024

	Enterprise Funds	
	2025	**2024**
REVENUES		
Chemical sales	$ 1,221,302	$ 768,574
Property taxes	91,883	86,479
Total operating revenues	1,313,185	855,053
OPERATING EXPENSES		
Chemical purchases	1,185,626	732,635
Office expense	551	574
Salaries	42,209	36,786
Professional fees	5,150	5,072
Supplies, repairs and maintenance	-	105
Depreciation	3,660	3,660
Miscellaneous	2,100	1,763
Insurance & bonds	3,677	1,657
Utilities and telephone	4,481	4,704
Total operating expenses	1,247,454	786,956
Operating income	65,731	68,097
NON-OPERATING REVENUES (EXPENSES)		
Interest income	9,046	637
Miscellaneous income	4,699	365
Total non-operating revenue (expenses)	13,745	1,002
Income before special items	79,476	69,099
Change in net position	79,476	69,099
Total net position - beginning	621,650	552,551
Total net position - ending	$ 701,126	$ 621,650

The accompanying notes to financial statements
are an integral part of these statements.

East Prowers Weed Control District
Statements of Cash Flows
Business-type Activity
for the years ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sales of chemicals	$ 1,206,310	$ 787,699
Property taxes	91,883	86,479
Cash payments to suppliers for goods & services	(1,205,955)	(713,246)
Cash payment for salaries & benefits	(42,209)	(36,786)
NET CASH PROVIDED BY OPERATING ACTIVITIES	50,029	124,146
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Miscellaneous income	4,699	346
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	4,699	346
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(8,639)	(150,000)
Interest received on investments	9,046	637
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	407	(149,363)
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	55,135	(24,871)
CASH & CASH EQUIVALENTS:		
Beginning of year	388,853	413,724
End of year	$ 443,988	$ 388,853

The accompanying notes to financial statements
are an integral part of these statements.

East Prowers Weed Control District
Statements of Cash Flows
Business-type Activity
for the years ended December 31, 2025 and 2024
(Continued)

	2025	2024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 65,731	$ 68,097
Adjustments to reconcile operating income		
To net cash provided by operating activities:		
Depreciation	3,660	3,660
Change in Assets and Liabilities:		
(Increase) Decrease in receivables	(14,993)	16,996
Increase (Decrease) in payables	(5,106)	385
Increase (Decrease) payments in advance	(2,129)	2,129
Decrease in inventory	2,866	32,879
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 50,029	$ 124,146
CASH DECEMBER 31,		
Cash and Cash Equivalents	$ 443,988	$ 388,853

The accompanying notes to financial statements
are an integral part of these statements.

Note 1 Summary of Significant Accounting Policies

The East Prowers Weed Control District (the "District") was organized in the early 1980's and is governed by an appointed Board of Directors. It is a local government unit created for the purpose of making bulk purchases of agricultural chemicals for resale to customers within Prowers County, Colorado.

Reporting Entity

The reporting entity, for financial purposes, is defined as the primary government (the District) and its component units. The District has no component units; the financial statements are comprised of the funds more fully described in subsequent information contained in the footnotes.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Basis of Accounting

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable statements of the GASB. The financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non-exchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program specific; property taxes and investment income are included in non-operating revenues. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Classifications of Net Position

Net investment in capital assets – This component consists of 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. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of investment in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Furniture and Fixtures	5 – 10
Equipment and Vehicles	3 – 12
Buildings and Improvements	30 – 40

Budgets and Budgetary Accounting

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. The District Clerk is authorized to transfer budgeted amounts between line items; however, any revisions to alter the total expenditures must be approved by the Board of Directors.
5. Budgets for the Enterprise Fund are adopted on a budgetary basis, not consistent with generally accepted accounting principles.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not used by the district.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

Property Taxes

Property taxes represent ad valorem taxes levied by the District, which are payable to the County Treasurer, and are recognized as revenue by the District in the year for which they are levied.

Use of Estimates

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

While management uses available information to recognize losses on receivables, further reductions in the carrying amounts of receivables may be necessary based on changes in economic conditions. Because of these factors, it is reasonably possible that the estimated losses on receivables may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Deposits and Investments, Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, banker's acceptances, and mutual funds composed of otherwise legal investments.

Accounts Receivable and Allowance for Credit Losses

The District recognizes credit losses when accounts are deemed uncollectible. Receivables are reviewed annually to determine accounts that should be written off.

Operating Revenue and Expenses

Operating revenue and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Note 2 Capital Assets

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

Business-Type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets being depreciated:				
Buildings and Furnishings	$ 57,290	$ -	$ -	$ 57,290
Equipment	64,349	-	-	64,349
Total Capital Assets being depreciated	121,639	-	-	121,639
Less Accumulated Depreciation	(85,860)	(3,660)	-	(89,520)
Business-Type Activities Capital Assets, Net	$ 35,779	$ (3,660)	$ -	$ 32,119

Note 3 Cash and Cash Equivalents

The District's deposits at year end were covered by Federal Depository Insurance Corporation (FDIC) or secured under the Public Deposit Protection Act (PDPA) of the State of Colorado, whereby the custodial bank pledges collateral amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

	Carrying Amount
Insured	$ 250,000
Uninsured, collateralized under PDPA	351,799
Total bank account deposits	601,799
Cash with County Treasurer	828
Total Cash and Deposits	$ 602,627

Note 4 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 maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 5 Contingencies – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the

Colorado Constitution. 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.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1996 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voter's approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

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.

Note 6 **Overexpenditure of Budget**

Due to unanticipated chemical purchases, the District overspent its budget. The overexpenditure may be a violation of Colorado Revised Statutes.

East Prowers Weed Control District
Budget and Actual
East Prowers Weed Control District
for the year ended December 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts Budgetary Basis
REVENUES		
Property taxes	$ 81,084	$ 91,883
Chemical sales	950,240	1,221,302
Interest Income	6,550	9,046
Miscellaneous Income	300	4,699
Total revenues	1,038,174	1,326,930
EXPENDITURES		
Chemical purchases	888,000	1,185,626
Office expense	3,150	551
Salaries	38,075	42,209
Professional fees	7,000	5,150
Miscellaneous	6,725	2,100
Supplies, repairs, maintenance	4,700	-
Depreciation	4,822	3,660
Insurance & bonds	4,200	3,677
Utilities and telephone	5,000	4,481
Capital outlay and building improvements	20,000	-
Total Expenditures	981,672	1,247,454
Income	56,502	79,476
Net change in net position	56,502	79,476
Net position - beginning	516,737	621,650
Net position - ending	$ 573,239	$ 701,126