WELD COUNTY
FEDERAL MINERAL LEASE ACT DISTRICT

FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION

Years Ended December 31, 2025 and 2024

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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Board of Directors
Weld County Federal Mineral Lease Act District
Greeley, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities of the Weld County Federal Mineral Lease Act District (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, 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 District as of December 31, 2025, and the respective changes in financial position for the year 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 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 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; this includes 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.

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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 opinion. 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 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 and the required supplementary information listed in the table of contents 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.

Required Supplementary Information *(Continued)*
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.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated July 24, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Weld County Federal Mineral Lease Act District internal control over financial reporting and compliance.

Hinkle & Company, P.C.

Englewood, Colorado
July 24, 2026

WELD COUNTY FEDERAL MINERAL LEASE ACT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2025

The discussion and analysis of the Weld County Federal Mineral Lease Act District's (the "District") financial performance provides an overall review of the District's financial activities as of December 31, 2025 and for the period from January 1, 2025 to December 31, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the District's financial performance.

Management's Discussion and Analysis ("MD&A") is an element of the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* issued in June 1999. Normally, certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The District was created in accordance with Colorado Revised Statute Sections 30-20-1301 through -1306 for the purpose of receiving monies distributed by the Colorado State Department of Local Affairs from the Local Government Mineral Impact Fund to mitigate the social and economic impacts on the areas of unincorporated Weld County (the "County") impacted by the development, processing, or energy conversion of fuels and minerals leased under the Federal Mineral Lease Act. The District was created on August 17, 2011, nunc pro tunc, June 29, 2011. The District's assets exceeded its liabilities at the close of 2025 by $1,300,355 *(fund balance/net position)*. As of December 31, 2025, except as expended for administrative expenses as permitted by Colorado Revised Statutes, the fund balance of the District is restricted for use on areas within the unincorporated areas of the County that are impacted by the development, processing, or energy conversion of fuels and minerals leased under the Federal Mineral Lease Act of February 25, 1920, as amended.

The District had total revenues of $1,083,653 in 2025. The total operating revenues were $1,055,348, and investment earnings were $28,305 for the 15th year of operation. The total expenses were $1,584,275.

Using the Basic Financial Statements

The Basic Financial Statements consist of Management's Discussion and Analysis (this section), financial statements and the notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity.

Since the District has no differences between the modified accrual and full accrual bases of accounting, the presentation of the District-wide financial statements is essentially the same as the presentation of funds. Therefore, only one set of combined financial statements is presented.

The Balance Sheet/Statement of Net Position presents information on the District's assets and liabilities, with the difference between the two reported as *fund balance/net position*. Over time, increases or decreases in fund balance/net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities presents information showing how the District's fund balance/net position changed during 2024. This statement shows how general District services were financed in the short term, as well as what remains for future spending.

The District has only one fund, which is a governmental fund. The financial statements also include notes that explain some of the information in the financial statements.

Financial Analysis of the District as a Whole

Reporting the District's Fund

Fund financial reports provide detailed information about the District's single fund. For 2025, Federal mineral lease revenues were $1,055,348 and investment earnings were $28,305.

Budget and Actual Comparisons

For 2025, actual total revenues were more than budgeted revenue by $73,653. Actual expenditures were $80,575 more than budgeted expenditures.

The Future of the District

The District has adopted policies for the distribution of grants to mitigate the social and economic impacts on the unincorporated areas of the County affected by the development, processing, or energy conversion of fuels and minerals leased under the Federal Mineral Lease Act. Since 2013, the District has granted funds to mitigate traffic impacts from oil and gas drilling activities on County roads and to fund a water quality testing program for landowners with oil and gas wells near their water wells in the County, and plans to continue this in the future.

Request for Information

The financial report is designed to provide information for regulatory reporting to state agencies and those with an interest in the District's finances. Questions concerning this or any additional information should be addressed to Karla Ford, District Secretary, PO Box 758, Greeley, Colorado 80632.

WELD COUNTY
FEDERAL MINERAL LEASE ACT DISTRICT

BALANCE SHEETS (Statements of Net Position)
December 31, 2025 and 2024

	2025	2024
Assets		
Deposits with County Treasurer (Note 3)	$ 1,300,355	$ 1,808,377
Total Assets	$ 1,300,355	$ 1,808,377
Liabilities and Fund Balance (Net Position)		
Accounts Payable – Accrual	$ 0	$ 7,400
Fund Balance (Net Position) – Restricted	1,300,355	1,800,977
Total Liabilities and Fund Balance (Net Position)	$ 1,300,355	$ 1,808,377

See Notes to Financial Statements.

WELD COUNTY
FEDERAL MINERAL LEASE ACT DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (Statement of Activities)
For the Years Ended December 31, 2025 and 2024

	2025	2024
Expenditures		
General Government	$ 1,584,275	$ 1,255,700
Net Expenditures	1,584,275	1,255,700
General Revenue		
Federal Mineral Lease	1,055,348	1,107,531
Investment Income	28,305	98,483
Total General Revenues	1,083,653	1,206,014
Change in Fund Balance (Net Position)	(500,622)	(49,686)
Fund Balance (Net Position)		
Beginning of the Year	1,800,977	1,850,663
End of the Year	$ 1,300,355	$ 1,800,977

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1: Nature of Business and Summary of Significant Accounting Policies

Basis of presentation: The accompanying financial statements of the Weld County Federal Mineral Lease Act District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental entities.

Since the District has no differences in accounting between the modified accrual and full accrual bases, the presentation of the District's financial statements is essentially the same as the presentation of funds. Therefore, one combined set of financial statements is presented.

Financial reporting entity: In the 2011 Colorado Legislative Session, House Bill 11-1218 was passed, which allowed counties to create a "Federal Mineral Lease Act District" to receive direct distribution Federal mineral lease payments from the Colorado Department of Local Affairs. The District was established for the purpose of transferring these payments to the District to streamline the mitigation of impacts according to the guidance in the Federal Mineral Lease Act 30 U.S.C. 191 and provisions of Colorado Revised Statutes.

As explained below, the District's funds are on deposit with the Weld County (the "County") Treasurer; as such, the County reports these funds in a custodial fund in its financial statements.

Government-wide financial statements: The government-wide financial statements include the statement of net position and statement of activities, which illustrate the District's financial position as a whole to demonstrate operational accountability and sustainability of the District as an entity and the change in the aggregate financial position resulting from activities of the period.

The statement of activities demonstrates the degree to which the direct expenses of a function or a segment are offset by program revenues. This balance identifies the extent to which a government function or a segment is offset by program revenues. This balance identifies the extent to which a government function is self-funded and the extent to which it draws from general District revenues. The District does not have program revenues and all revenue is reported as general revenue.

Fund financial statements: The accounts of the District are organized on the basis of funds. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The District only has one fund, the General Fund. The General Fund's principal source of revenue is intergovernmental revenue, and its expenditures are for general and administrative expenses and the distribution of the intergovernmental funds received.

Basis of accounting: The District uses the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (that is, when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. As stated above, the District has no differences in accounting between the modified and full accrual basis of accounting.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Deposits with County Treasurer: The District's cash is pooled with the County's cash in an account managed by the Weld County Treasurer. The account is reported at the fair market value of the cash and securities underlying the investment pool.

Fund equity: The Governmental Accounting Standards Board ("GASB") has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). As prescribed by GASB 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on specific purposes for which amounts in the funds can be spent.

Restricted fund balance includes amounts that can be spent only for specific purposes stipulated by constitution or external resource providers, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Except as expended for administrative expenses as permitted by Colorado Revised Statutes, the fund balance of the District is restricted for use on areas within the unincorporated areas of the County that are impacted by the development, processing, or energy conversion of fuels and minerals leased under the Federal Mineral Lease Act of February 25, 1920, as amended.

Net position: Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Note 2: Contingencies and Commitments

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The District does not have specific insurance coverage beyond the insurance policies and risk management of Weld County.

In 1992, Colorado voters approved the Taxpayer's Bill of Rights (TABOR). The District believes that it is exempt from TABOR since it does not have the authority to levy taxes.

Note 3: Deposits

Deposits for the District are invested in the pooled cash and investments account managed by the Weld County Treasurer. State Statutes authorize the Treasurer to invest in obligations of the United States and certain U.S. agency securities, certain international agency securities, general obligation and revenue bonds of U.S. local government entities, bankers' acceptance of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, and guaranteed investment contracts. The County has no provisions in its investment policy that would further limit investment choices. Detailed information on the County Treasurer's pooled cash and investments is available from the County Treasurer.

REQUIRED SUPPLEMENTARY INFORMATION

The District's required supplementary information includes the budgetary comparison schedule as described in the accompanying Note to Required Supplementary Information following the schedule.

WELD COUNTY
FEDERAL MINERAL LEASE ACT DISTRICT

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

2025

	Budgeted Amounts Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental Revenue – Federal Mineral Lease Revenue	$ 1,000,000	$ 1,000,000	$ 1,055,348	$ 55,348
Investment Income	10,000	10,000	28,305	18,305
Total Revenues	$ 1,010,000	$ 1,010,000	$ 1,083,653	$ 73,653
Expenditures				
General Government	$ 1,503,700	$ 1,503,700	$ 1,584,275	$ (80,575)
Net Change in Fund Balance	$ (493,700)	$ (493,700)	$ (500,622)	$ (6,922)

2024

	Budgeted Amounts Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental Revenue – Federal Mineral Lease Revenue	$ 1,000,000	$ 1,000,000	$ 1,107,531	$ 107,531
Investment Income	10,000	10,000	98,483	88,483
Total Revenues	$ 1,010,000	$ 1,010,000	$ 1,206,014	$ 196,014
Expenditures				
General Government	$ 1,503,700	$ 1,503,700	$ 1,255,700	$ 248,000
Net Change in Fund Balance	$ (493,700)	$ (493,700)	$ (49,686)	$ 444,014

See Note to Required Supplementary Information.

WELD COUNTY
FEDERAL MINERAL LEASE ACT DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Budget

The budgetary comparison schedule presents a comparison of the legally adopted budget with actual data. The District prepares its budget on a cash basis, and the revenues and expenditures presented in the aforementioned schedule are on the modified accrual basis. Any differences in revenues and expenditures as a result of the difference in the accounting basis are considered immaterial. Appropriations lapse at fiscal year-end. All budget amendments are approved by the Board of Directors and are presented within the final budget figures.

Colorado State Statutes require the preparation of an annual budget that provides documentation that all sources and uses of District resources are properly planned, budgeted, and approved. The budget, upon adoption, is the legal document that places restrictions and limitation on the purposes and amounts for which District monies may be expended.

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's 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*

Board of Directors
Weld County Federal Mineral Lease Act District
Greely, 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 governmental activities the Weld County Federal Mineral Lease Act District (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated July 24, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 District'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 Weld County Federal Mineral Lease Act District internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hinkle & Company, P.C.

Englewood, Colorado
July 24, 2026