

**Upper Eagle Regional Water Authority
Vail, Colorado**

**Financial Statements
December 31, 2025 and 2024**

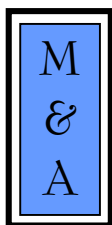


**UPPER EAGLE REGIONAL
WATER AUTHORITY**

**Upper Eagle Regional Water Authority
Financial Statements
December 31, 2025 and 2024**

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McMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Upper Eagle Regional Water Authority
Vail, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Upper Eagle Regional Water Authority (the "Authority"), as of and for the year ended December 31, 2025 and December 31, 2024, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2025 and December 31, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 Authority 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 Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

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

**To the Board of Directors
Upper Eagle Regional Water Authority
Vail, Colorado**

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The budgetary comparisons and debt service schedules in Section E are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons and debt services schedules are 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 U.S. GAAS. In our opinion, the information in Section E is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The statistical data in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements. The statistical data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


**McMahan and Associates, L.L.C.
Avon, Colorado
June 2, 2026**

MANAGEMENT'S DISCUSSION AND ANALYSIS



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

**Upper Eagle Regional Water Authority
Management's Discussion and Analysis
December 31, 2025**

The discussion and analysis is designed to provide an analysis of the Upper Eagle Regional Water Authority's (the "Authority") financial condition and operating results and to inform the reader on the Authority's financial issues and activities.

The Management's Discussion and Analysis (the "MD&A") should be read in conjunction with the Authority's financial statements.

Financial Highlights

In 2025, total net position increased by \$2,745,933 from \$60,861,263 in 2024 to \$63,607,196 in 2025. Increased revenues from service fees, stemming from increased rates and additional debt service fees, is the main driver for the increase in net position.

In 2025, total revenues increased by \$4,096,228 and total expenses decreased by \$77,149 when compared to 2024. The Authority's 2025 financial activity generated a net decrease of \$115,588 in net position on a budgetary basis, which treats debt principal payments and capital asset additions as expenditures and ignores depreciation expenses, among other items. A full listing of reconciling items between budgetary basis and Generally Accepted Accounting Principles (GAAP) can be found on pages E1 and E2 of this report. In accordance with GAAP, \$6,555,041 of capital asset depreciation was expensed, which does not represent cash funding for capital assets in the current period. The net result after GAAP adjustments was an increase in net position of \$2,745,933 for 2025, compared to a decrease in net position of \$1,427,444 in 2024.

In 2024 the Authority issued \$21,865,000 of revenue bonds. The Authority did not have any debt issuances in 2025.

Overview of the Financial Statements

The financial statements of the Authority are presented as a special purpose government engaged only in business type activities - providing water utility services.

The *Statements of Net Position* present information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present information that reflects how the Authority's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The *Statements of Cash Flows* report the Authority's cash flows from operating, capital and related financing, and investing activities.

Upper Eagle Regional Water Authority
Management's Discussion and Analysis
December 31, 2025
(continued)

Overview of the Financial Statements (continued)

These financial statements distinguish functions of the Authority that will be principally supported by service charges. The functions of the Authority include effective and economical operation of water systems within the jurisdictional boundaries of the Authority. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

SUMMARY OF NET POSITION

	2025	2024	2023
Assets:			
Current and other assets	\$ 44,236,884	\$ 46,764,557	\$ 27,103,959
Capital assets, net	99,127,186	98,218,923	96,703,581
Total Assets	<u>143,364,070</u>	<u>144,983,480</u>	<u>123,807,540</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	325,725	349,130	372,536
Total Deferred Outflows of Resources	<u>325,725</u>	<u>349,130</u>	<u>372,536</u>
Liabilities:			
Long-term liabilities	77,938,647	79,842,628	57,533,560
Other liabilities	2,143,952	4,628,719	4,357,809
Total Liabilities	<u>80,082,599</u>	<u>84,471,347</u>	<u>61,891,369</u>
Net Position:			
Net investment in capital assets	24,596,444	30,006,137	40,191,124
Restricted:			
Debt	151,671	151,671	751,671
Capital Projects	2,520,928	9,496,450	-
Unrestricted	36,338,153	21,207,005	21,345,912
Total Net Position	<u>\$ 63,607,196</u>	<u>\$ 60,861,263</u>	<u>\$ 62,288,707</u>

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceeded liabilities by \$63,607,196 at December 31, 2025 and \$60,861,263 at December 31, 2024.

The largest portion of the Authority's net position reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Authority's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Upper Eagle Regional Water Authority
Management's Discussion and Analysis
December 31, 2025
(continued)

Overview of the Financial Statements (continued)

REVIEW OF REVENUES

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Revenues:			
Operating revenues:			
Service fees	\$ 22,698,306	\$ 18,994,342	\$ 17,833,778
Non-operating revenues:			
Investment income	1,525,327	1,510,910	575,895
Other	122,455	261,500	66,859
Capital contributions:			
Plant investment fees	798,078	478,497	3,394,202
Water storage fees	7,495	4,811	73,616
Contributed assets	795,311	600,684	66,025
Total Revenues	<u>\$ 25,946,972</u>	<u>\$ 21,850,744</u>	<u>\$ 22,010,375</u>

In 2025, total revenues increased by \$4,096,228 compared to 2024. Service revenues continued to increase year over year due to increased pricing tiers and an additional debt service charge to pay for the Authority's 2024 debt issuance. Investment income remained relatively consistent year-over-year. There was a slight increase in capital contributions from 2024 to 2025; capital contributions are driven by development activity in the Authority's service area. 2023 saw the completion of major development projects which did not occur in 2024 or 2025 to the same scale.

REVIEW OF EXPENSES

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Expenses:			
Operating expenses:			
Water treatment	\$ 3,285,581	\$ 3,439,009	\$ 4,701,910
Water distribution	5,319,106	5,475,797	5,321,009
Other operating	1,647,814	1,815,700	1,679,635
General and administrative	10,148,489	9,488,128	7,086,714
Non-operating expenses:			
Interest expense	2,798,449	2,746,434	1,874,324
Other	1,600	1,089	1,089
Bond issuance costs	-	312,031	-
Total Expenses	<u>23,201,039</u>	<u>23,278,188</u>	<u>20,664,681</u>
Change in Net Position	2,745,933	(1,427,444)	1,345,694
Net Position - Beginning of Year	<u>60,861,263</u>	<u>62,288,707</u>	<u>60,943,013</u>
Net Position - End of Year	<u>\$ 63,607,196</u>	<u>\$ 60,861,263</u>	<u>\$ 62,288,707</u>

In 2025, total expenses decreased by \$77,149 compared to 2024 due to a large one-time expense in 2024 related to a debt issuance. Other expenses remained relatively flat year-over-year with the exception of increased general and administrative costs relating to general inflation and the growth of the Authority's operations.

**Upper Eagle Regional Water Authority
Management's Discussion and Analysis
December 31, 2025
(continued)**

Overview of the Financial Statements (continued)

In 2024, total expenses increased by \$2,613,507 compared to 2023. The increase is related to operational costs of providing services, increased interest expense, and a one-time expense associated with the Authority's 2024 debt issuance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets, net of accumulated depreciation, as of December 31, 2025 and 2024, were \$99,127,186 and \$98,218,923, respectively. This investment in capital assets includes land and land improvements, water rights and storage, treatment plants, distribution systems, telemetry, water wells, and construction in process.

Most of the water and storage rights currently used by the Authority were provided by the member government entities at no cost to the Authority. In accordance with Governmental Accounting Standards Board (GASB), only owned water and storage rights are shown on the Authority's Statement of Net Position at historic cost, totaling \$1,709,148. This cost represents mostly legal expenditures to establish the Authority's ability to use these rights to provide water directly to the customers of each of its members and a small acquisition of new rights. Also, in accordance with GASB, the investment in Eagle Park Reservoir Company Stock, which provides a valuable source of raw water supply, is not reflected in capital assets, but is shown in Other Assets at the historic cost. Management of the Authority believes the actual value of these water and storage rights used by the Authority to be much greater than historical cost at December 31, 2025. Analysis of changes in capital assets in 2025 is as follows:

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**Upper Eagle Regional Water Authority
Management's Discussion and Analysis
December 31, 2025
(continued)**

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

	1/1/25 Beginning Balance	Additions	Reclasses and Retirements	12/31/25 Ending Balance
Capital assets, not being depreciated:				
Land and land improvements	780,962	-	-	780,962
Water/storage rights	1,709,148	-	-	1,709,148
Construction in progress	16,152,921	8,107,050	(7,506,876)	16,753,095
Total capital assets, not being depreciated	18,643,031	8,107,050	(7,506,876)	19,243,205
Capital assets, being depreciated:				
Treatment plants	47,857,899	675,834	-	48,533,733
Distribution system	124,771,326	6,066,121	-	130,837,447
Water wells	18,274,925	121,175	-	18,396,100
Total capital assets being depreciated	190,904,150	6,863,130	-	197,767,280
Less accumulated depreciation for:				
Treatment plants	(31,927,734)	(1,540,655)	-	(33,468,389)
Distribution system	(69,135,626)	(4,269,539)	-	(73,405,165)
Water wells	(10,264,898)	(744,847)	-	(11,009,745)
Total accumulated depreciation	(111,328,258)	(6,555,041)	-	(117,883,299)
Total capital assets, being depreciated, net	79,575,892	308,089	-	79,883,981
Total capital assets, net	98,218,923	8,415,139	(7,506,876)	99,127,186

In 2025, total net capital assets were \$99,127,186, an increase of \$908,263 from the 2024 amount of \$98,218,923. Net capital asset additions of \$7,463,304 were offset by changes in accumulated depreciation of \$6,555,041 for a net increase in capital assets of \$908,263.

In 2024, total net capital assets were \$98,218,923, an increase of \$1,515,342 from the 2023 amount of \$96,703,581. Net capital asset additions of \$8,294,165 were offset by changes in accumulated depreciation of \$6,778,823 for a net increase in capital assets of \$1,515,342.

In 2025, the Authority disposed of a construction in progress project that had \$224,625 of cumulative expenditures on January 1, 2025, and \$841,075 of current year expenditures for a total of \$1,065,700. The Authority received reimbursements totaling \$1,065,700 from insurance carriers and Eagle River Water & Sanitation District ("ERWSD"), so the Authority did not incur any loss. The project (HVAC server room upgrades) was ultimately transferred to ERWSD and capitalized by the District in 2025 upon completion.

Additional information on the Authority's capital assets can be found in Note III.F to the financial statements.

**Upper Eagle Regional Water Authority
Management's Discussion and Analysis
December 31, 2025
(continued)**

Long-term Debt

At the end of 2025, the Authority had revenue bonds of \$77,529,068 and an assessment payable to Eagle Park Reservoir Company of \$409,579.

At the end of 2024, the Authority had revenue bonds of \$79,310,385 and an assessment payable to Eagle Park Reservoir Company of \$532,243. The Authority issued revenue bonds of \$21,865,000 in 2024 as further described in Notes III.F to the financials.

BUDGET VARIANCES AND FUTURE CONSIDERATIONS

Budget Variances

In 2025, revenues were above budget expectations by \$1,426,780. The positive variance is mainly due to the Authority budgeting conservatively for water service fees and plant investment fees. The expenditure budget was \$29,303,073, including \$10,585,273 of capital additions. Actual expenditures were \$4,108,505 less than budget due to conservative budgeting of capital projects.

2026 Budget Considerations

The Authority will continue to promote wise use of water and support a comprehensive water conservation program. Additionally, the Authority will explore opportunities to develop or acquire new water resources.

The approved expenditure budget for 2026 is \$28,187,231 including \$12,687,121 of capital expenditures and debt service payments.

The 2026 water use rates continue to include base fees and a five-tier usage structure. Each tier allows 6,000 gallons of water use per SFE. The tier pricing progressively increases above previous tier to further promote wise use of water.

The 2026 base monthly water rates are \$27.72 service base rate per SFE, plus \$23.42 debt service base rate per SFE, plus \$9.50 capital replacement program base rate per SFE for a total base rate of \$60.44 per SFE. The 2025 tiered usage rates are \$5.24 per 1,000 gallons for tier one, \$8.40 per 1,000 gallons for tier two, \$14.50 per 1,000 gallons for tier three, \$24.50 per 1,000 gallons for tier four and \$36.22 per 1,000 gallons for tier five (30,000 gallons and over).

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Jim Cannava, Finance Manager, Eagle River Water and Sanitation District, 846 Forest Road, Vail, Colorado 81657.

BASIC FINANCIAL STATEMENTS



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

Upper Eagle Regional Water Authority
Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets:		
Current Assets:		
Cash and cash equivalents - Unrestricted	11,842,972	9,611,866
Cash and cash equivalents - Restricted	2,672,599	9,648,121
Investments - Unrestricted	18,413,524	14,311,502
Receivables, net of allowance for uncollectibles:		
Accounts	217,701	2,418,186
Interest	180,519	122,745
Inventory	203,244	190,754
Prepaid expenses	240,160	1,500
Total Current Assets	<u>33,770,719</u>	<u>36,304,674</u>
Non-current Assets:		
Other Assets:		
Patronage dividend receivable	416,117	409,835
Investment in Eagle Park Reservoir Company	10,050,048	10,050,048
Total Other Assets	<u>10,466,165</u>	<u>10,459,883</u>
Capital Assets:		
Land and improvements	780,962	780,962
Water/storage rights	1,709,148	1,709,148
Construction in progress	16,753,095	16,152,921
Treatment plants	48,533,733	47,857,899
Distribution system	130,837,447	124,771,326
Water wells	18,396,100	18,274,925
Less: Accumulated depreciation	(117,883,299)	(111,328,258)
Total Capital Assets	<u>99,127,186</u>	<u>98,218,923</u>
Total Non-current Assets	<u>109,593,351</u>	<u>108,678,806</u>
Total Assets	<u>143,364,070</u>	<u>144,983,480</u>
Deferred Outflows of Resources:		
Deferred charge on refunding	325,725	349,130
Total Deferred Outflows of Resources	<u>325,725</u>	<u>349,130</u>
Total Assets and Deferred Outflows of Resources	<u>143,689,795</u>	<u>145,332,610</u>

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

Upper Eagle Regional Water Authority
Statements of Net Position
December 31, 2025 and 2024
(Continued)

	<u>2025</u>	<u>2024</u>
Liabilities:		
Current Liabilities:		
Accounts payable - Other	389,975	1,359,506
Accounts payable - ERWSD	-	1,440,984
Interest payable	255,209	263,061
Loans and bonds payable - Due within one year	1,679,349	1,602,664
Deposits	<u>1,318,859</u>	<u>1,318,859</u>
Total Current Liabilities	<u>3,643,392</u>	<u>5,985,074</u>
Non-current Liabilities:		
Other payables	179,909	246,309
Loans and bonds payable - Due in more than one year	<u>76,259,298</u>	<u>78,239,964</u>
Total Non-current Liabilities	<u>76,439,207</u>	<u>78,486,273</u>
Total Liabilities	<u>80,082,599</u>	<u>84,471,347</u>
Net Position:		
Net investment in capital assets	24,596,444	30,006,137
Restricted for:		
Debt	151,671	151,671
Capital projects	2,520,928	9,496,450
Unrestricted	<u>36,338,153</u>	<u>21,207,005</u>
Total Net Position	<u><u>63,607,196</u></u>	<u><u>60,861,263</u></u>

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

Upper Eagle Regional Water Authority
Statements of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues:		
Service fees	22,698,306	18,994,342
Total Operating Revenues	<u>22,698,306</u>	<u>18,994,342</u>
Operating Expenses:		
Water treatment	3,285,581	3,439,009
Water distribution	5,319,106	5,475,797
Other operating	1,647,814	1,815,700
General and administrative	10,148,489	9,488,128
Total Operating Expenses	<u>20,400,990</u>	<u>20,218,634</u>
Operating Income (Loss)	<u>2,297,316</u>	<u>(1,224,292)</u>
Non-operating Revenues (Expenses):		
Investment income	1,525,327	1,510,910
Other non-operating revenues	122,455	261,500
Interest expense	(2,798,449)	(2,746,434)
Paying agent fees	(1,600)	(1,089)
Bond issuance costs	-	(312,031)
Total Non-operating Revenues (Expenses)	<u>(1,152,267)</u>	<u>(1,287,144)</u>
Income (Loss) Before Capital Contributions	<u>1,145,049</u>	<u>(2,511,436)</u>
Capital Contributions:		
Plant investment fees	798,078	478,497
Water storage fees, net of refunds	7,495	4,811
Contributed assets	795,311	600,684
Total Capital Contributions	<u>1,600,884</u>	<u>1,083,992</u>
Change in Net Position	2,745,933	(1,427,444)
Net Position - Beginning of Year	<u>60,861,263</u>	<u>62,288,707</u>
Net Position - End of Year	<u><u>63,607,196</u></u>	<u><u>60,861,263</u></u>

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

Upper Eagle Regional Water Authority
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Cash received from customers and others	24,898,791	19,194,555
Cash payments for goods and services	<u>(16,688,041)</u>	<u>(14,544,842)</u>
Net Cash Provided (Used) by Operating Activities	<u>8,210,750</u>	<u>4,649,713</u>
Cash Flows From Non-capital Financing Activities:		
Patronage dividend received	27,394	28,325
Other cash receipts	<u>88,779</u>	<u>226,957</u>
Net Cash Provided (Used) by Non-capital Financing Activities	<u>116,173</u>	<u>255,282</u>
Cash Flows From Capital and Related Financing Activities:		
Cash proceeds from bond issuance	-	23,156,709
Cash received from system development fees	798,078	478,497
Cash received from water storage fees	7,495	4,811
Cash received (paid) for developer deposits	-	1,313,980
Cash paid for principal on debt	(1,602,664)	(546,324)
Cash paid for interest and paying agent fees on debt	(3,085,813)	(2,944,441)
Debt issuance costs	-	(312,031)
Cash paid for capital acquisitions	<u>(6,553,966)</u>	<u>(7,619,256)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(10,436,870)</u>	<u>13,531,945</u>
Cash Flows From Investing Activities:		
Interest income received	1,238,345	1,225,884
Cash received from sale of investments	26,347,634	34,821,750
Cash paid for purchase of investments	<u>(30,220,448)</u>	<u>(48,970,971)</u>
Net Cash Provided (Used) by Investing Activities	<u>(2,634,469)</u>	<u>(12,923,337)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,744,416)	5,513,603
Cash and Cash Equivalents - Beginning of Year	<u>19,259,987</u>	<u>13,746,384</u>
Cash and Cash Equivalents - End of Year	<u><u>14,515,571</u></u>	<u><u>19,259,987</u></u>
Represented by Balance Sheet Captions:		
Cash and cash equivalents - Unrestricted	11,842,972	9,611,866
Cash and cash equivalents - Restricted	2,672,599	9,648,121
Cash and Cash Equivalents - End of Year	<u><u>14,515,571</u></u>	<u><u>19,259,987</u></u>

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

Upper Eagle Regional Water Authority
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
(Continued)

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	<u>2,297,316</u>	<u>(1,224,292)</u>
Adjustments:		
Depreciation	6,555,041	6,778,823
(Increase) decrease in accounts receivable	2,200,485	200,213
(Increase) decrease in inventory	(12,490)	(82,731)
(Increase) decrease in prepaid expenses	(238,660)	175,989
Increase (decrease) in accounts payable - Other	(1,083,558)	519,442
Increase (decrease) in accounts payable - ERWSD	(1,440,984)	(1,874,444)
Increase (decrease) in other liabilities	(66,400)	156,713
Total Adjustments	<u>5,913,434</u>	<u>5,874,005</u>
Net Cash Provided (Used) by Operating Activities	<u>8,210,750</u>	<u>4,649,713</u>
Non-cash Investing, Capital, and Financing Activities:		
Contribution of capital assets and EPRC stock	<u>795,311</u>	<u>600,684</u>

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

NOTES TO THE FINANCIAL STATEMENTS



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024

I. Summary of Significant Accounting Policies

Upper Eagle Regional Water Authority (the “Authority”) was formed September 18, 1984 pursuant to an establishing contract by the following entities located in Eagle County, Colorado (the “members”):

- Arrowhead Metropolitan District
- Town of Avon
- Beaver Creek Metropolitan District
- Berry Creek Metropolitan District
- Eagle-Vail Metropolitan District
- Edwards Metropolitan District

The Authority, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The Authority was established to make the best practical use of the members’ joint resources to supply water and to further develop water resources and facilities in a portion of Eagle County, Colorado. The Authority also provides water service to the Traer Creek (the Village at Avon), Cordillera, and Bachelor Gulch developments (the “contracting parties”) through contracts with members.

The Authority may not be terminated while bonds, notes, or other obligations are outstanding, unless provision for full payment of such obligation has been made. At December 31, 2025, the Authority had debt with maturities through 2053.

The Authority has a service contract with the members. Under the terms of the agreement, the Authority provides residents of the members water service; the Authority bills these residents at rates which are expected to cover its costs of providing water services and other functions. Such costs specifically include debt service requirements, depreciation, replacements, operations, and maintenance. As part of the agreement, the members have leased all of their rights, associated easements, and improvements to the Authority at no cost. As return consideration, the Authority has agreed to maintain the associated improvements and to administer and protect the members’ plan for augmentation and water decrees at no cost to the members.

Effective July 1, 2015, the members approved an Amended and Restated Master Service Contract (the “Master Service Contract”). In addition to the provisions described above, the Master Service Contract stipulated that:

- The members convey their individual water systems to the Authority.
- All member customers become customers of the Authority.
- Impact fees and water surcharges, in addition to Authority fees, can be imposed by members and contracting parties on customers within their respective jurisdictional boundaries and will remain revenue of that individual member or contracting party. Impact fees are collected by Arrowhead Metropolitan District, the Town of Avon, Traer Creek, Cordillera, and Bachelor Gulch. Water surcharges are collected by the Town of Avon, Traer Creek and Cordillera.
- Maintenance of the existing individual water systems becomes the responsibility of the Authority.
- Extensions of existing lines and construction of system additions may be approved by the Authority and the cost of extensions or construction may be passed on to developers. Once constructed and accepted by the Authority, extensions and additions will become part of the Authority’s water system.
- The members retain ownership of water rights and an interest in assets, including rights to capacity in the system to the extent necessary to ensure service to their service areas and to retain individual enterprise status.

**Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)**

I. Summary of Significant Accounting Policies (continued)

The Authority has no employees; all operations and administrative functions are contracted with Eagle River Water and Sanitation District (the "District"), as subsequently explained.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Authority are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Authority, and (b) organizations for which the Authority is financially accountable. The Authority is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Authority. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Authority. Organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the Authority is not financially accountable for any other entity nor is the Authority a component unit of any other government.

B. Fund Accounting

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Authority uses a proprietary fund-type, an enterprise fund, to account for its activity, providing water services to residents within the Authority's boundaries. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Long-term Economic Focus and Accrual Basis

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Financial Statement Presentation

Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds 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. Financial Statement Accounts and Accounting Policies

1. Cash, Cash Equivalents, and Investments

For purposes of the Statements of Cash Flows, the Authority considers cash on hand, demand deposits, U.S. government obligations, and other highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The Authority's investment policy is detailed at note III.A.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. An allowance for doubtful accounts in the amount of \$0 and \$0 had been established at December 31, 2025 and 2024, respectively, to estimate uncollectible accounts.

3. Capital Assets

Capital assets, which include water/storage rights, land and improvements, construction in progress, treatment plants, distribution systems, and water wells, are reported in the financial statements. The Authority defines capital assets as assets with an initial cost of \$5,000 or more. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies (continued)

3. Capital Assets (continued)

The cost of water and storage rights includes acquisition cost, legal, and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed. See the Schedule of Water and Storage Rights in the Statistical Section (pages F5-F8) for additional information.

Each of the participating members leased or subleased sufficient water rights to the Authority at no cost to the Authority to meet their projected needs upon full build-out within their current boundaries.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed.

Treatment plants, distribution systems, and water wells are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Treatment plants	5 - 40
Distribution systems	5 - 40
Water wells	5 - 40

In the event of the dissolution of the Authority, all of the assets of the Authority shall immediately vest in the participating members, subject to any outstanding liens, mortgages, or other pledges of such assets. The interest in the assets of the Authority conveyed to each member shall be that proportion which the average annual amount of treated water sold within the boundaries of each member, bears to the average annual total amount of all treated water sold by the Authority.

4. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows (outflows) of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and increased by any unspent proceeds from related borrowings. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts and Accounting Policies (continued)

5. Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in Statement of Net Position. Bond premiums and discounts are deferred and amortized over the respective life of the respective debt using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

The deferred cost on bond refunding is being amortized over the lesser of the life of the new bond or the remaining life of the refunded bonds using the straight-line method which approximates the effective interest method. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

6. Deferred Outflows and 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any items that qualify for reporting in this category at December 31, 2025.

7. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Authority's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

8. Restricted and Unrestricted Resources

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

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the Authority's Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local Budget Law. The budget is adopted on a non-GAAP basis and is reconciled to GAAP in Section E of this report. Expenditures may not legally exceed appropriations and all appropriations lapse at year-end.

As required by Colorado statutes, the Authority followed the required timetable noted below in preparing, approving, and enacting its budget for 2025:

1. The Authority submitted, on or before October 15, 2024, a recommended budget that detailed the necessary revenues to meet the Authority's operating requirements.
2. On or prior to December 31, 2024, after a required publication of "Notice of Budget" and a public hearing, the Authority adopted the proposed budget and a resolution that legally appropriated expenditures for the upcoming year.
3. After adoption of the budget resolution, the Authority may make the following changes: a) it may approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) it may approve emergency appropriations; and c) it may reduce appropriations for which originally estimated revenues are insufficient.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from state and local governments, are excluded from the provisions of TABOR. The Authority's management believes its operations qualify for this exclusion.

The Authority believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise, will require judicial interpretation.

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The Authority's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures depositors up to \$250,000 for all accounts. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amounts of the Authority's cash and cash equivalents were \$14,515,571 and \$19,259,987 as of December 31, 2025 and 2024, respectively.

At December 31, 2025 and 2024, the Authority had the following cash and investments with the following maturities:

December 31, 2025				
	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
<i>Deposits:</i>				
Checking	Not rated	875,280	875,280	-
Money market	Not rated	7,104,012	7,104,012	-
<i>Investment pools</i>	AAAm	6,536,279	6,536,279	-
<i>Investments:</i>				
US Treasuries	AA+	18,413,524	7,095,921	11,317,603
Total		<u>32,929,095</u>	<u>21,611,492</u>	<u>11,317,603</u>

December 31, 2024				
	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
<i>Deposits:</i>				
Checking	Not rated	252,640	252,640	-
Money market	Not rated	12,997,394	12,997,394	-
<i>Investment pools</i>	AAAm	6,009,953	6,009,953	-
<i>Investments:</i>				
US Treasuries	AA+	14,311,502	7,077,740	7,233,762
Total		<u>33,571,489</u>	<u>26,337,727</u>	<u>7,233,762</u>

The investment pool, classified as a cash equivalent on the Authority's statement of Net Position, represents investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price, and is measured at net asset value. The Authority has no regulatory oversight for the pool.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the Authority coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than two years from the purchase date.

Credit Risk. The Authority's investment policy implements the prudent investor rule as a guideline for investment decisions.

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Colorado statutes specify instruments in which local governments may invest, including:

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

Concentration of Credit Risk. According to the Authority's investment policy, it is permitted to invest up to the following maximum limits:

<u>Investment Type</u>	<u>Maximum Percentage</u>
U.S. Treasury obligations	100%
Qualified certificates of deposit	50%
Qualified local government investment pools	100%
Federal instrumentality securities	50%
Repurchase agreements collateralized by U.S. Treasury obligations	100%
Bankers acceptances and commercial paper - combined total	30%

Fair Value of Investments The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Unrealized gains / losses were \$192,637 during 2025 (2024: \$195,877), which reflects the change in fair market value of investments. At December 31, 2025, the Authority had the following recurring measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurement</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasuries	18,413,524	18,413,524	-	-

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2024, the Authority had the following recurring fair value measurements:

Investments Measured at Fair Value	Total	Fair Value Measurement		
		Level 1	Level 2	Level 3
U.S. Treasuries	14,311,502	14,311,502	-	-

Investments classified in Level 1 are valued using quoted prices in active markets for those investments.

The Authority had the following investments measured at net asset value at December 31, 2025 and 2024:

Investments Measured at Net Asset Value	12/31/25	12/31/24
Colotrust	6,536,279	6,009,953

B. Summary of Cash and Investments

The Authority's cash and cash equivalents are disclosed in the following financial statement captions:

	12/31/25	12/31/24
Cash and cash equivalents - Unrestricted	11,842,972	9,611,866
Cash and cash equivalents - Restricted	2,672,599	9,648,121
Total	14,515,571	19,259,987

The Authority's cash has been restricted for the following purposes:

	12/31/25	12/31/24
Debt covenant and operations reserves	151,671	151,671
Unspent bond proceeds	2,520,928	9,496,450
Total	2,672,599	9,648,121

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

III. Detailed Notes on All Funds (continued)

C. Liquidity and Availability of Funds

At December 31, 2025 and 2024 the Authority reported net position on a budgetary basis of \$31,806,676 and \$31,922,264, respectively, on page E2. The components of the Authority's budgetary net position are as follows:

Funds available at year-end:	12/31/25	12/31/24
Current assets	33,770,719	36,304,674
Less: current liabilities	(3,643,392)	(5,985,074)
Add: current portion of long-term obligations	1,679,349	1,602,664
Total funds available	31,806,676	31,922,264
Less: debt service reserves	(151,671)	(151,671)
Less: unspent bond funds	(2,520,928)	(9,496,450)
Total unrestricted funds available	29,134,077	22,274,143

D. Patronage Dividend Receivable

The Authority has a dividend receivable from Holy Cross Electric Association ("Holy Cross") which represents allocated refundable operating profits. These amounts are held by Holy Cross as working capital until the financial condition of Holy Cross permits a refund. Refunds are normally received annually approximately ten years in arrears. During the years ended December 31, 2025 and 2024, the Authority received refunds of \$27,395 and \$28,325, respectively, from Holy Cross. The balances due to the Authority at December 31, 2025 and 2024, were \$416,117 and \$409,835, respectively.

E. Investment in Eagle Park Reservoir Company

The Eagle Park Reservoir Company (the "Reservoir Company"), a Colorado nonprofit corporation was formed May 8, 1998 to acquire water diversion, storage facilities and water rights to operate its water storage facilities located in Eagle County, Colorado, and to direct releases of water from the reservoir on behalf of its stockholders. An investment in the Reservoir Company allows the owner to augment its existing water rights.

In 1998, the Authority acquired 3830 Class A Shares (approximately 19%) and 125 Class B shares of the stock in the Reservoir Company for \$2,216,574 and the contribution/pledge of certain water rights. The \$2,216,574 was financed through an assessment obligation payable to the Reservoir Company, which is explained in Note III.H.1, and is recorded as an investment in Eagle Park Reservoir Company, along with \$143,420 of legal costs related to the issuance of the assessment payable. Since 1998, the Authority has acquired additional shares of the Reservoir Company through various transactions. As of December 31, 2010, the Authority held 5390 Class A Shares (approximately 21%), 125 Class B Series 1 and 131.5 Class B Series 2 shares of the stock in the Reservoir Company at a cost of 4,445,917.

During 2011 through 2017, the Authority's investment in the Reservoir Company was unchanged.

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

III. Detailed Notes on All Funds (continued)

E. Investment in Eagle Park Reservoir Company (continued)

In March 2018 Eagle County and Eagle River Water and Sanitation Districted transferred 125.6024 and 16.8789 Class A, Series 2 shares to the Authority, respectively, valued at \$498,685. During 2020, the Board of Commissioners of Eagle County transferred 874.3976 Class A, Series 2 shares to the Authority, valued at \$3,453,871.

During 2023, the Authority purchased 250 Class A, Series 2 shares from the Reservoir Company for \$1,651,575. As of December 31, 2025, the Authority held 6,656.8789 Class A Shares (approximately 24.76%), 125 Class B Series 1 and 131.5 Class B Series 2 shares of the stock in the Reservoir Company at a cost of \$10,050,048.

F. Capital Assets

Capital asset activity for the past two fiscal years was as follows:

	1/1/24 Beginning Balance	Additions	Reclasses and Retirements	12/31/24 Ending Balance	Additions	Reclasses and Retirements	12/31/25 Ending Balance
Capital assets, not being depreciated:							
Land and land improvements	780,962	-	-	780,962	-	-	780,962
Water/storage rights	1,709,148	-	-	1,709,148	-	-	1,709,148
Construction in progress	10,084,838	7,693,480	(1,625,397)	16,152,921	8,107,050	(7,506,876)	16,753,095
Total capital assets, not being depreciated	12,574,948	7,693,480	(1,625,397)	18,643,031	8,107,050	(7,506,876)	19,243,205
Capital assets, being depreciated:							
Treatment plants	47,134,422	723,477	-	47,857,899	675,834	-	48,533,733
Distribution system	123,380,383	1,390,943	-	124,771,326	6,066,121	-	130,837,447
Water wells	18,163,263	111,662	-	18,274,925	121,175	-	18,396,100
Total capital assets being depreciated	188,678,068	2,226,082	-	190,904,150	6,863,130	-	197,767,280
Less accumulated depreciation for:							
Treatment plants	(30,244,260)	(1,683,474)	-	(31,927,734)	(1,540,655)	-	(33,468,389)
Distribution system	(64,787,639)	(4,347,987)	-	(69,135,626)	(4,269,539)	-	(73,405,165)
Water wells	(9,517,536)	(747,362)	-	(10,264,898)	(744,847)	-	(11,009,745)
Total accumulated depreciation	(104,549,435)	(6,778,823)	-	(111,328,258)	(6,555,041)	-	(117,883,299)
Total capital assets, being depreciated, net	84,128,633	(4,552,741)	-	79,575,892	308,089	-	79,883,981
Total capital assets, net	96,703,581	3,140,739	(1,625,397)	98,218,923	8,415,139	(7,506,876)	99,127,186

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

III. Detailed Notes on All Funds (continued)

F. Capital Assets (continued)

Depreciation expense for the years ended 2024 and 2025 was charged to the following departments:

	2025	2024
Water treatment	2,285,754	2,430,836
Water distribution	4,269,287	4,347,987
Total	6,555,041	6,778,823

Fully depreciated assets totaled \$35,884,999 and \$40,394,364 for the years ended 2024 and 2025, respectively.

G. Long-Term Debt

The Authority had the following long-term debt outstanding during the past two fiscal years:

1. 1998 Assessment Obligation Note

As previously explained in Note III.F, the Authority financed its 1998 investment in the Reservoir Company through the execution of an assessment obligation note in the amount of \$2,216,574. This note bears interest at 5.45% annually. Debt service payments of \$151,671 are due annually on September 16th through 2028.

The obligation is secured by the Authority's ownership of common stock of the Reservoir Company and certain water rights owned by participating members and leased to the Authority. The agreement contains release provisions for the collateral based on the timely payment of scheduled obligations. The assessment payable is subject to annual appropriation.

The Authority is maintaining a reserve equal to the next fiscal year's principal and interest payments for this obligation.

2. Tax-Exempt Water Revenue Bonds, Series 2013A

The Authority issued \$11,905,000 of tax-exempt water revenue bonds in April 2013, with annual interest rates ranging from 2.5% to 4.25%. Interest is payable June 1 and December 1, through 2042. The principal is payable on December 1 and matures in various increments through 2042. The proceeds of these bonds were used to finance improvements to the water system. This bond issue consists of term bonds due on December 1, 2023, December 1, 2028, December 1, 2033, December 1, 2036 and December 1, 2042; these bonds are subject to mandatory sinking fund redemption at par, plus accrued interest to the redemption date.

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

III. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

2. Tax-Exempt Water Revenue Bonds, Series 2013A (continued)

As special, limited obligations of the Authority, principal and interest on the bonds are payable solely from net pledged revenues. Such net revenue includes income derived from the water treatment facilities and other legally available revenue after payment of operation and maintenance expenses of the system. The bond documents include a Rate Maintenance Covenant, which requires the Authority to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding Authority bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest of the bonds was issued by Assured Guaranty Mutual Corporation concurrently with the issuance of these bonds.

The bonds maturing on or before December 1, 2023, are not subject to redemption prior to maturity. The bonds maturing on and after December 1, 2024, are subject to redemption prior to maturity at the option of the Authority at par plus accrued interest without a redemption premium.

3. Tax Exempt Water Revenue Improvement Bonds, Series 2020

The Authority issued \$27,125,000 of tax-exempt water revenue bonds in October 2020, with annual interest rates ranging from 2.0% to 2.25%. Interest is payable June 1 and December 1, through 2050. The principal is payable on December 1 and matures in various increments through 2050. The bonds included an issuance premium of \$4,132,135. The proceeds of these bonds were used to finance improvements to the water system. This bond issue consists of term bonds due on December 1, 2040, December 1, 2045, and December 1, 2050; these bonds are subject to mandatory sinking fund redemption at par, plus accrued interest to the redemption date.

As special, limited obligations of the Authority, principal and interest on the bonds are payable solely from net revenues derived from the Authority's water system. Net revenues are defined as revenues after deducting Operation and Maintenance Expenses.

The bond documents include a Rate Maintenance Covenant, which requires the Authority to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding Authority bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest of the bonds was issued by Assured Guaranty Mutual Corporation concurrently with the issuance of these bonds.

The bonds maturing on or before December 1, 2030, are not subject to redemption prior to maturity. The bonds maturing on and after December 1, 2031 are subject to redemption prior to maturity at the option of the Authority at par plus accrued interest without a redemption premium.

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

III. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

4. Tax Exempt Water Revenue Refunding Bonds, Series 2020

The Authority issued \$12,790,000 of tax-exempt water revenue bonds in October 2020, with annual interest rates ranging from 2.0% to 2.25%. Interest is payable June 1 and December 1, through 2039. The principal is payable on December 1 and matures in various increments through 2050. The bonds included an issuance premium of \$2,465,414. The proceeds of these bonds were used to refund all of the Authority's remaining Taxable Water Revenue Bonds, Series 2010B. The Net Present Value of savings was \$2,632,895.

As special, limited obligations of the Authority, principal and interest on the bonds are payable solely from net revenues derived from the Authority's water system. Net revenues are defined as revenues after deducting Operation and Maintenance Expenses.

The bond documents include a Rate Maintenance Covenant, which requires the Authority to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding Authority bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest of the bonds was issued by Assured Guaranty Mutual Corporation concurrently with the issuance of these bonds.

The bonds maturing on or before December 1, 2030, are not subject to redemption prior to maturity. The bonds maturing on and after December 1, 2031 are subject to redemption prior to maturity at the option of the Authority at par plus accrued interest without a redemption premium.

5. Tax Exempt Water Revenue Bonds, Series 2024

The Authority issued \$21,865,000 of tax-exempt water revenue bonds in January 2024, with annual interest rates ranging from 4.0% to 5.0%. Interest is payable June 1 and December 1, through 2053. The principal is payable on December 1 and matures in various increments through 2053. These bonds included an issuance premium of \$1,291,709.

As special, limited obligations of the Authority, principal and interest on the bonds are payable solely from net revenues derived from the Authority's water system. Net revenues are defined as revenues after deducting Operation and Maintenance Expenses.

The bond documents include a Rate Maintenance Covenant, which requires the Authority to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 110% of each fiscal year's debt service requirements of outstanding Authority bonds.

A bond insurance policy, which guarantees the scheduled payment of principal and interest of the bonds was issued by Assured Guaranty Mutual Corporation concurrently with the issuance of these bonds.

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

III. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

5. Tax Exempt Water Revenue Bonds, Series 2024 (continued)

The bonds maturing on or before December 1, 2033, are not subject to redemption prior to maturity. The bonds maturing after December 1, 2033 are subject to redemption prior to maturity at the option of the Authority at par plus accrued interest without a redemption premium.

H. Long-term Liability Activity Schedules

Long-term liability activity for 2024 was as follows:

	1/1/24 Beginning Balance	Additions	Reductions	12/31/24 Ending Balance	Due Within One Year
1998 assessment obligation note	648,567	-	(116,324)	532,243	122,664
2013 tax-exempt revenue bonds	11,460,000	-	(180,000)	11,280,000	195,000
2020 tax-exempt revenue bonds	26,975,000	-	(250,000)	26,725,000	310,000
2020 tax-exempt refunding revenue bonds	12,790,000	-	-	12,790,000	615,000
2024 tax-exempt revenue bonds	-	21,865,000	-	21,865,000	360,000
Unamortized bond premiums	5,753,480	1,291,709	(306,237)	6,738,952	-
Unamortized bond discounts	(93,487)	-	4,920	(88,567)	-
Total	57,533,560	23,156,709	(847,641)	79,842,628	1,602,664

Long-term liability activity for 2025 was as follows:

	1/1/25 Beginning Balance	Additions	Reductions	12/31/25 Ending Balance	Due Within One Year
1998 assessment obligation note	532,243	-	(122,664)	409,579	129,349
2013 tax-exempt revenue bonds	11,280,000	-	(195,000)	11,085,000	210,000
2020 tax-exempt revenue bonds	26,725,000	-	(310,000)	26,415,000	310,000
2020 tax-exempt refunding revenue bonds	12,790,000	-	(615,000)	12,175,000	650,000
2024 tax-exempt revenue bonds	21,865,000	-	(360,000)	21,505,000	380,000
Unamortized bond premiums	6,738,952	-	(306,238)	6,432,714	-
Unamortized bond discounts	(88,567)	-	4,921	(83,646)	-
Total	79,842,628	-	(1,903,981)	77,938,647	1,679,349

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

III. Detailed Notes on All Funds (continued)

I. Debt Service Schedules

Aggregate debt service requirements at December 31, 2025, were as follows for the Authority:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	1,679,349	3,006,697	4,686,046
2027	1,761,399	2,925,560	4,686,959
2028	1,843,831	2,840,614	4,684,445
2029	1,780,000	2,571,838	4,351,838
2030	1,870,000	2,666,275	4,536,275
2031 - 2035	10,630,000	12,024,061	22,654,061
2036 - 2040	13,025,000	9,634,888	22,659,888
2041 - 2045	15,850,000	6,810,113	22,660,113
2046 - 2050	19,365,000	3,302,363	22,667,363
2051 - 2053	3,785,000	326,188	4,111,188
Total	<u><u>71,589,579</u></u>	<u><u>46,108,597</u></u>	<u><u>117,698,176</u></u>

The Authority is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

IV. Other Information

A. Risk Management

The Authority 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 disasters. The Authority has joined together with other special districts in the State to form the Colorado Special Districts Property and Liability Pool ("the Pool"), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The Authority 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.

The Authority carries commercial insurance coverage for other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

B. Intergovernmental Agreements

1. Interconnect

The Authority and Eagle River Water and Sanitation District (the "District") entered into an intergovernmental agreement ("IGA") in 1994 to construct an interconnect between their two water systems to enable the transfer of water between the parties for the purposes of achieving operational flexibility.

**Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)**

IV. Other Information (continued)

B. Intergovernmental Agreements (continued)

1. Interconnect (continued)

In accordance with the IGA, the deliveries between the two systems are to be measured daily (net distribution of water) with the net amount owed by either party to the other to be recorded by the owing party at a rate equal to 75 percent of the then current water rate charges by the owing party.

The intent of the parties is to provide long-term service to each other through the availability of peak use season and emergency supplemental water supply. The agreement provides for a payment calculation year of May 1 to April 30. If at the end of the payment year there is a net distribution of water to one of the parties that party shall make payment to the other party. It should be noted that historically towards the end of each payment year (April 30) the system is run to create a zero balance outstanding, such that no payment is due to or from either party. For the payment years ended April 30, 2025 and 2024, the balance outstanding was \$0.

The value of water distributed by the District to the Authority through the interconnect was \$179,909 and \$246,309 during the years ended December 31, 2025 and 2024, respectively. As the system is brought to a zero balance by the end of each payment year (April 30), the District has chosen to forgo immediate payment and carry this receivable forward. The District reserves the right to request payment from the Authority at any time in the future.

2. Management and Operations Agreement

Through an agreement, the District provides administration, operations, accounting and maintenance services to the Authority. The District bills customers for the water service provided and collects and remits the monies to the Authority. Additionally, the District provides capital program management services, which are eventually capitalized by the Authority as part of the cost basis of the completed facility. Costs incurred under the terms of this agreement amounted to \$9,438,052 and \$8,690,326 for operating and billing expenses, and \$499,633 and \$427,085 for capitalized management services, totaling \$9,937,685 and \$9,117,411 during the years ended December 31, 2025 and 2024, respectively. Outstanding payables due to the District for operations services as of December 31, 2025 and 2024 totaled \$- and \$1,440,984, respectively. Additionally, there was \$233,155 and \$218,725 payable related to management fees due to the District as a result of the annual cost study adjustment as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024 there was \$217,018 and \$2,417,503, respectively, due from the District, for water service billed. In 2025, the Authority and the District implemented a net intercompany cash settlement process under which intercompany activity is settled monthly. As a result, due-to and due-from balances on December 31, 2025, are materially lower than in prior years.

Upper Eagle Regional Water Authority
Notes to the Financial Statements
December 31, 2025 and 2024
(Continued)

IV. Other Information (continued)

B. Intergovernmental Agreements (continued)

3. Ground Lease

On April 30, 1985, the Authority entered into a lease agreement with the Town of Avon for the land upon which the water treatment facility is located. The term of the lease is for 99 years. Minimal consideration for the lease was paid in advance. In addition, the Town of Avon has reserved the right to use the airspace above the water treatment facility for construction of municipal facilities.

C. Commitments and Contingencies

1. Federal and State Grants and Financial Sources

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

2. Construction Commitments

At December 31, 2025, the Authority had the following contractual commitments:

Project	Vendor	Contract Commitment	Completed	Remaining
Bolts Lake Redevelopment 60% Design	AECOM	1,334,900	(934,581)	400,319
Cordillera West Tank 1 Rehabilitation	Filanc	1,201,184	(1,194,684)	6,500
Wildridge BPS, Tank, and PRV Improvements	Velocity Constructors, Inc.	5,920,216	(4,450,789)	1,469,427

SUPPLEMENTARY INFORMATION



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

Upper Eagle Regional Water Authority
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended 2024)

	2025		2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:			
Water service fees	22,111,700	22,631,906	520,206
Investment income	254,600	1,525,327	1,270,727
Plant investment fees	996,800	798,078	(198,722)
Water storage fees	255,000	7,495	(247,505)
Proceeds from issuance of bonds	-	-	-
Other	34,100	116,174	82,074
Total Revenues	23,652,200	25,078,980	1,426,780
Expenditures:			
Water Treatment:			
Management contract	1,498,016	1,514,293	(16,277)
Utilities	632,200	505,849	126,351
Chemicals and supplies	495,800	493,978	1,822
Subtotal - Water Treatment	2,626,016	2,514,120	111,896
Water Distribution:			
Management contract	1,310,764	1,325,006	(14,242)
Utilities	384,600	337,899	46,701
Repairs and maintenance	443,500	711,919	(268,419)
Subtotal - Water Distribution	2,138,864	2,374,824	(235,960)
Other Operating:			
Utilities	62,400	23,381	39,019
Chemicals and supplies	-	-	-
Repairs and maintenance	1,354,400	1,339,919	14,481
Outside services	352,100	284,514	67,586
Subtotal - Other Operating	1,768,900	1,647,814	121,086
General and Administrative:			
Insurance	176,800	245,148	(68,348)
Legal - General	95,000	55,870	39,130
Legal - Water rights	406,700	237,607	169,093
Engineering	66,000	18,192	47,808
Consulting	60,300	3,236	57,064
Management and accounting	6,553,820	6,625,033	(71,213)
Conservation awareness	56,000	55,459	541
Directors' fees and expenses	15,600	8,162	7,438
Watershed projects	50,000	50,000	-
Other	23,000	10,484	12,516
Subtotal - General and Administrative	7,503,220	7,309,191	194,029

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

Upper Eagle Regional Water Authority
Schedule of Revenues, Expenditures, and Changes in Funds Available
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Year Ended 2024)
(Continued)

	2025			2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Expenditures (continued):				
Debt Service:				
Principal payments	1,602,700	1,602,700	1,602,664	36
Interest payments	3,076,600	3,076,600	3,076,361	239
Paying agent fees	1,500	1,500	1,600	(100)
Bond issue costs	-	-	-	-
Subtotal - Debt Service	<u>4,680,800</u>	<u>4,680,800</u>	<u>4,680,625</u>	<u>175</u>
Other:				
Capital outlay	10,585,273	10,585,273	6,667,994	3,917,279
Subtotal - Other	<u>10,585,273</u>	<u>10,585,273</u>	<u>6,667,994</u>	<u>3,917,279</u>
Total Expenditures	<u>29,303,073</u>	<u>29,303,073</u>	<u>25,194,568</u>	<u>4,108,505</u>
Change in Net Position (budget basis)	<u>(5,650,873)</u>	<u>(5,650,873)</u>	<u>(115,588)</u>	<u>5,535,285</u>
Net Position - Beginning of Year (budget)	<u>33,163,919</u>	<u>33,163,919</u>	<u>31,922,264</u>	<u>(1,241,655)</u>
Net Position - End of Year (budget)	<u>27,513,046</u>	<u>27,513,046</u>	<u>31,806,676</u>	<u>4,293,630</u>
Reconciliation to GAAP Basis:				
Excess (deficiency) of revenues over expenditures (budgetary basis)			(115,588)	19,540,182
Contributed assets from developers			795,311	600,684
Proceeds from bond issue			-	(23,156,709)
Change in patronage dividends receivable			6,281	6,219
Depreciation			(6,555,041)	(6,778,823)
Amortization of bond premiums, discounts, and deferred refunding costs			277,912	277,912
Debt principal payments			1,602,664	546,324
Capitalized assets, net of prior year disposals			6,892,619	7,693,480
Prior year capitalized assets disposed of in current year			(224,625)	-
Change in other long-term payables (interconnect)			66,400	(156,713)
Change in Net Position - GAAP Basis			<u>2,745,933</u>	<u>(1,427,444)</u>

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

**Upper Eagle Regional Water Authority
Schedule of Debt Service Requirements to Maturity
December 31, 2025**

**1998 Assessment Obligation Note
Payable to Eagle Park Reservoir Company
Original Principal - \$2,216,574
Interest Rate - 5.45%**

Year Ending December 31,	Principal Due September 16	Interest Due September 16	Total
2026	129,349	22,322	151,671
2027	136,399	15,272	151,671
2028	143,831	7,840	151,671
	<u>409,579</u>	<u>45,434</u>	<u>455,013</u>

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

Upper Eagle Regional Water Authority
Schedule of Debt Service Requirements to Maturity
December 31, 2025

2013A Tax-Exempt Water Revenue Bonds

Revenue Bonds

Original Principal - \$11,905,000

Interest Rate - 2.50% to 4.25%

Year Ending December 31,	Principal Due December 1	Interest Due	Total
		June 1 and December 1	
2026	210,000	438,312	648,312
2027	230,000	431,225	661,225
2028	250,000	423,462	673,462
2029	275,000	415,025	690,025
2030	305,000	404,712	709,712
2031	325,000	393,275	718,275
2032	360,000	381,087	741,087
2033	390,000	367,587	757,587
2034	410,000	352,962	762,962
2035	445,000	335,537	780,537
2036	490,000	316,625	806,625
2037	540,000	295,800	835,800
2038	585,000	274,200	859,200
2039	630,000	250,800	880,800
2040	1,805,000	225,600	2,030,600
2041	1,880,000	153,400	2,033,400
2042	1,955,000	78,200	2,033,200
	<u>11,085,000</u>	<u>5,537,809</u>	<u>16,622,809</u>

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

Upper Eagle Regional Water Authority
Schedule of Debt Service Requirements to Maturity
December 31, 2025

2020 Tax-Exempt Water Revenue Improvement Bonds

Revenue Bonds

Original Principal - \$27,125,000

Interest Rate - 2.00% - 2.25%

Year Ending December 31,	Principal Due December 1	Interest Due	Total
		June 1 and December 1	
2026	310,000	1,061,700	1,371,700
2027	320,000	1,046,200	1,366,200
2028	320,000	1,030,200	1,350,200
2029	325,000	1,014,200	1,339,200
2030	325,000	997,950	1,322,950
2031	330,000	981,700	1,311,700
2032	320,000	968,500	1,288,500
2033	315,000	955,700	1,270,700
2034	325,000	943,100	1,268,100
2035	320,000	930,100	1,250,100
2036	310,000	917,300	1,227,300
2037	290,000	904,900	1,194,900
2038	280,000	896,200	1,176,200
2039	270,000	887,800	1,157,800
2040	250,000	879,700	1,129,700
2041	255,000	872,200	1,127,200
2042	265,000	862,000	1,127,000
2043	2,310,000	851,400	3,161,400
2044	2,400,000	759,000	3,159,000
2045	2,500,000	663,000	3,163,000
2046	2,600,000	563,000	3,163,000
2047	2,700,000	459,000	3,159,000
2048	2,810,000	351,000	3,161,000
2049	2,925,000	238,600	3,163,600
2050	3,040,000	121,600	3,161,600
	<u>26,415,000</u>	<u>20,156,050</u>	<u>46,571,050</u>

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

Upper Eagle Regional Water Authority
Schedule of Debt Service Requirements to Maturity
December 31, 2025

2020 Tax-Exempt Water Revenue Refunding Bonds

Revenue Bonds

Original Principal - \$12,790,000

Interest Rate - 2.00% - 2.25%

Year Ending December 31,	Principal Due December 1	Interest Due	Total
		June 1 and December 1	
2026	650,000	490,850	1,140,850
2027	680,000	458,350	1,138,350
2028	715,000	424,350	1,139,350
2029	745,000	388,600	1,133,600
2030	780,000	351,350	1,131,350
2031	820,000	312,350	1,132,350
2032	850,000	279,550	1,129,550
2033	885,000	245,550	1,130,550
2034	920,000	210,150	1,130,150
2035	955,000	173,350	1,128,350
2036	990,000	135,150	1,125,150
2037	1,035,000	95,550	1,130,550
2038	1,060,000	64,500	1,124,500
2039	1,090,000	32,700	1,122,700
	<u>12,175,000</u>	<u>3,662,350</u>	<u>15,837,350</u>

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

Upper Eagle Regional Water Authority
Schedule of Debt Service Requirements to Maturity
December 31, 2025

2024 Tax-Exempt Water Revenue Refunding Bonds

Revenue Bonds

Original Principal - \$21,865,000

Interest Rate - 4.00% - 5.00%

Year Ending December 31,	Principal Due December 1	Interest Due	Total
		June 1 and December 1	
2026	380,000	993,513	1,373,513
2027	395,000	974,513	1,369,513
2028	415,000	954,763	1,369,763
2029	435,000	934,013	1,369,013
2030	460,000	912,263	1,372,263
2031	480,000	889,263	1,369,263
2032	505,000	865,263	1,370,263
2033	530,000	840,013	1,370,013
2034	560,000	813,513	1,373,513
2035	585,000	785,513	1,370,513
2036	615,000	756,263	1,371,263
2037	645,000	725,513	1,370,513
2038	680,000	693,263	1,373,263
2039	710,000	659,263	1,369,263
2040	750,000	623,763	1,373,763
2041	785,000	586,263	1,371,263
2042	825,000	547,013	1,372,013
2043	860,000	514,013	1,374,013
2044	890,000	479,613	1,369,613
2045	925,000	444,013	1,369,013
2046	965,000	407,013	1,372,013
2047	1,005,000	368,413	1,373,413
2048	1,055,000	318,163	1,373,163
2049	1,105,000	265,413	1,370,413
2050	1,160,000	210,163	1,370,163
2051	1,210,000	160,863	1,370,863
2052	1,260,000	109,438	1,369,438
2053	1,315,000	55,888	1,370,888
	<u>21,505,000</u>	<u>16,886,950</u>	<u>38,391,950</u>

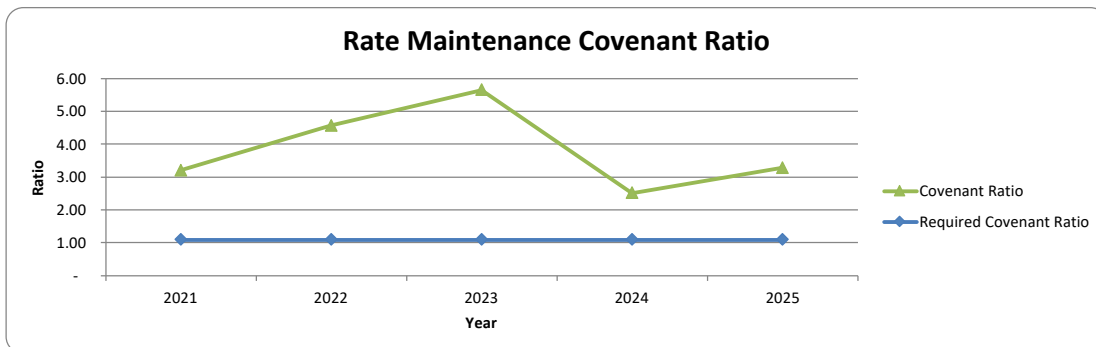
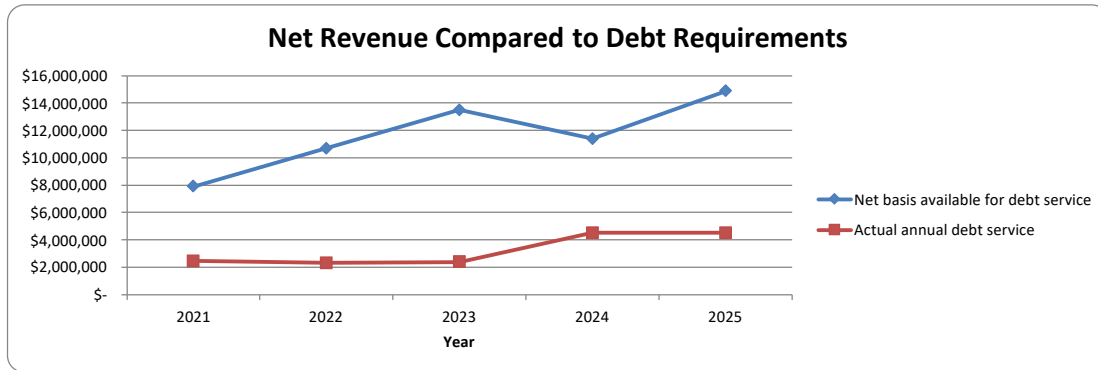
The accompanying notes are an integral part of these financial statements.

STATISTICAL SECTION



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

**Upper Eagle Regional Water Authority
Rate Maintenance Covenant
Five Year Comparison
December 31, 2025
(Unaudited)**



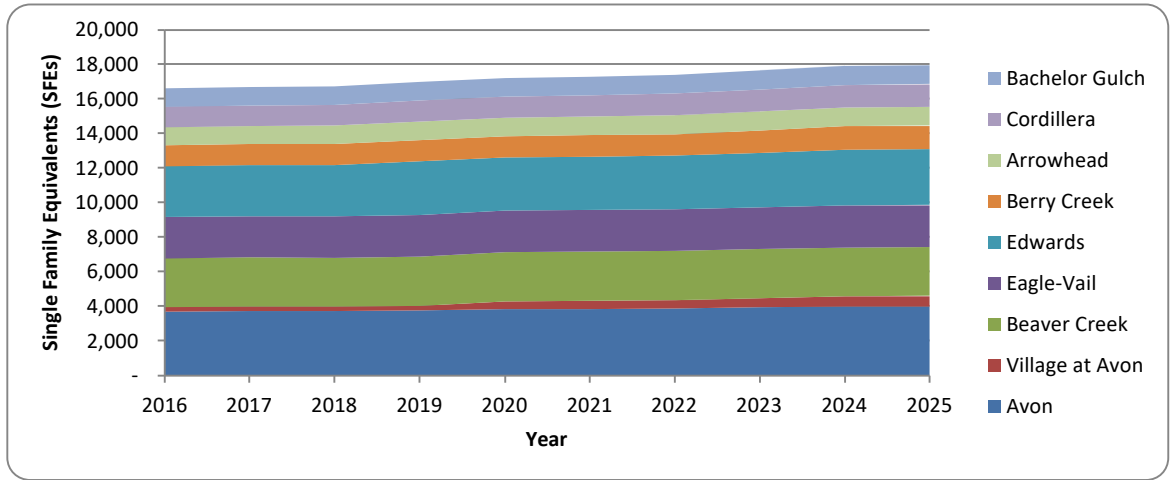
Per the bond covenants, the Authority is to assess a fee to cover operations and maintenance and 110% of debt service.

	2021	2022	2023	2024	2025
Operating revenue	14,228,792	15,684,126	17,833,778	18,994,342	22,698,306
Plus:					
Plant investment fees and water storage fees	1,507,207	3,087,252	3,467,818	483,308	805,573
Investment income	8,354	207,151	575,895	1,510,910	1,525,327
Other non-operating revenues	38,537	48,435	66,859	261,500	122,455
Rate stabilization funds	600,000	600,000	600,000	-	-
Total revenues available for debt service	16,382,890	19,626,964	22,544,350	21,250,060	25,151,661
Expenses	16,366,020	17,642,069	18,789,268	20,218,634	20,400,990
Less:					
Interest expense	(2,022,062)	(1,885,725)	(1,874,324)	(2,746,434)	(2,798,449)
Depreciation	(5,369,816)	(6,148,323)	(6,800,503)	(6,778,823)	(6,555,041)
Major capital additions	(512,572)	(668,630)	(1,070,660)	(847,752)	(779,602)
Total expenses available for debt service	8,461,570	8,939,391	9,043,781	9,845,625	10,267,898
Net basis available for debt service	7,921,320	10,687,573	13,500,569	11,404,435	14,883,763
Actual annual debt service	2,464,381	2,335,006	2,388,894	4,535,207	4,534,375
Covenant Ratio	3.21	4.58	5.65	2.51	3.28
Required Covenant Ratio	1.10	1.10	1.10	1.10	1.10

Rate Maintenance Covenant: The Authority's Series 2010 A&B, 2013 A&C, 2020, and 2024 bonds include a Rate Maintenance Covenant sufficient revenues to pay: (i) Operation and Maintenance Expenses, (ii) 110% of each Fiscal Year's Bond Requirements of the Bonds, (iii) an amount equal to current costs of improvements to the System, excluding major capital additions, made in the ordinary course of business, (iv) any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Net Revenues or any securities payable therefrom, and (v) 100% of any account relating to the Net Revenues or any securities payable therefrom, and Policy Costs then due and owing. The series 2010 bonds were refunded in 2020.

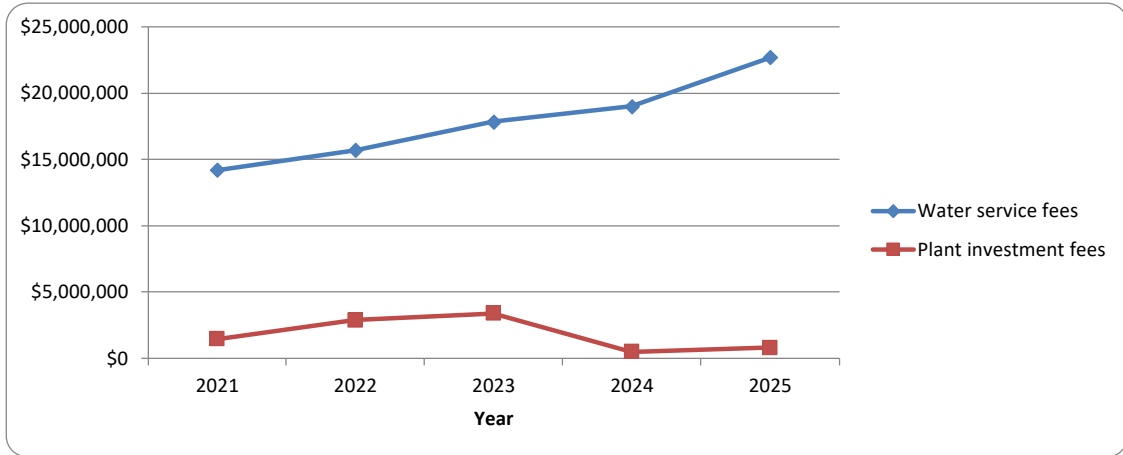
The above Rate Maintenance Covenant is tested annually. It is the Authority's policy to use unrestricted cash (\$11,842,972 at December 31, 2025) to meet the Rate Maintenance Covenant if necessary.

**Upper Eagle Regional Water Authority
Single Family Equivalents (SFEs) in Service
Ten Year Comparison
December 31, 2025
(Unaudited)**



	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Avon	3,687	3,712	3,696	3,750	3,803	3,821	3,841	3,934	3,958	3,980
Village at Avon	268	268	268	268	464	492	495	501	600	603
Beaver Creek	2,825	2,829	2,827	2,831	2,834	2,834	2,855	2,863	2,835	2,841
Eagle-Vail	2,389	2,398	2,406	2,410	2,411	2,411	2,416	2,416	2,421	2,424
Edwards	2,934	2,941	2,958	3,104	3,077	3,081	3,097	3,129	3,237	3,242
Berry Creek	1,206	1,218	1,230	1,237	1,235	1,243	1,247	1,330	1,360	1,363
Arrowhead	1,059	1,060	1,067	1,078	1,080	1,091	1,089	1,090	1,093	1,093
Cordillera	1,183	1,186	1,197	1,204	1,211	1,218	1,251	1,281	1,290	1,307
Bachelor Gulch	1,068	1,072	1,071	1,075	1,076	1,089	1,092	1,092	1,090	1,090
Total SFEs	<u>16,619</u>	<u>16,684</u>	<u>16,720</u>	<u>16,957</u>	<u>17,191</u>	<u>17,280</u>	<u>17,383</u>	<u>17,636</u>	<u>17,884</u>	<u>17,943</u>
Percent increase	<u>0.63%</u>	<u>0.39%</u>	<u>0.22%</u>	<u>1.42%</u>	<u>1.38%</u>	<u>0.52%</u>	<u>0.60%</u>	<u>1.46%</u>	<u>1.41%</u>	<u>0.33%</u>

Upper Eagle Regional Water Authority
Water Statistics
Five Year Comparison
December 31, 2025
(Unaudited)



	2021	2022	2023	2024	2025
Water service fees	14,228,792	15,684,126	17,833,778	18,994,342	22,698,306
Average single family equivalent (SFE)	17,280	17,383	17,636	17,884	17,943
Average service fee per SFE	823	902	1,011	1,062	1,265
Plant investment fees	1,461,423	2,863,936	3,394,202	478,497	798,078
Gallons sold (in thousands)	1,224,580	1,168,312	1,126,073	1,068,801	1,018,265
Average single family equivalent (SFE)	17,280	17,383	17,636	17,884	17,943
Factor (days per year)	365	365	365	365	365
Average gallons sold per day per SFE	194	184	175	164	155

Upper Eagle Regional Water Authority
Top 10 Customers
December 31, 2025
(Unaudited)

Customer Type	Service Area	1,000 Gallons	Sales Dollar Amount	% of Total Sales Dollars
Hotel/Condos/Resort	Beaver Creek	24,026	277,743	1.27%
Hotel/Resort	Bachelor Gulch	23,971	160,951	0.74%
Hotel/Resort	Avon	15,308	137,162	0.63%
Condos/Retail/Offices	Beaver Creek	8,972	122,777	0.56%
Hotel/Resort	Beaver Creek	10,295	78,643	0.36%
Hotel/Condos/Retail	Avon	7,449	67,042	0.31%
Hotel/Condos/Retail	Avon	6,698	58,587	0.27%
Mobile Home Park	Avon	12,198	58,355	0.27%
Carwash	Edwards	4,083	57,065	0.26%
Offices	Beaver Creek	2,796	54,049	0.25%
Total - Top 10 Customers		<u>115,795</u>	<u>1,072,375</u>	<u>4.92%</u>
Total - All Other Customers		<u>902,470</u>	<u>21,625,931</u>	<u>95.08%</u>
Total Service Fees		<u><u>1,018,265</u></u>	<u><u>\$ 22,698,306</u></u>	<u><u>100.0%</u></u>