



**BOONE COUNTY REGIONAL SEWER
DISTRICT, MISSOURI**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2025 and 2024

A grayscale photograph of a large industrial facility, likely a sewer treatment plant, with multiple levels, walkways, and structural elements. The image is overlaid with a complex, semi-transparent geometric pattern of overlapping lines and shapes.

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BOONE COUNTY REGIONAL SEWER DISTRICT, MISSOURI
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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Boone County Regional Sewer District, Missouri

Opinion

We have audited the accompanying financial statements of the Boone County Regional Sewer District, Missouri (the District) as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2025 and 2024, and the changes in its financial position and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these 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.

Prior Period Financial Statements

The financial statements of the District as of December 31, 2024 were audited by other auditors whose report dated June 20, 2025 expressed an unmodified opinion on those statements.

As part of our audit of the 2024 financial statements, we also audited adjustments described in Note 12 that were applied to restate the 2024 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the District other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The state revolving fund revenue bonds and direct loans by debt series and schedule of debt service coverage is presented for purposes of additional analysis and is not a required part of the basic financial statements. The state revolving fund revenue bonds and direct loans by debt series and schedule of debt service coverage is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the state revolving fund revenue bonds and direct loans by debt series and schedule of debt service coverage is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sibich CPA LLC

St. Louis, Missouri
May 5, 2026

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2025

Introduction

This Management's Discussion and Analysis (MD&A) provides the residents, customers, and stakeholders of the Boone County Regional Sewer District (BCRSD) with a plain-language overview of the District's financial performance for the fiscal year ended December 31, 2025. We encourage you to read this section alongside the full Consolidated Financial Statements and accompanying Notes, which provide the complete picture of the District's finances.

The annual report is organized into three parts: this MD&A; the basic financial statements, including notes; and supplemental information related to debt covenant requirements. Together, these sections are designed to give you confidence that your sewer service fees are being managed responsibly — and that the District is well-positioned for the years ahead.

About the Boone County Regional Sewer District

BCRSD is a public sewer utility organized under Section 204 of the Revised Statutes of the State of Missouri. Our mission is straightforward: to provide current and future customers with cost-effective, reliable sanitary sewer service — collecting and treating wastewater in a way that protects public health and the environment, in full compliance with local, state, and federal permit requirements.

Today, BCRSD serves approximately 7,570 customers across Boone County. Customer bills consist of a base service fee plus a volume charge based on water usage. Some customers on pressure sewer systems also pay a monthly surcharge covering pump maintenance and septic tank cleaning. In addition, the District provides contract operation services to certain incorporated areas within Boone County.

The District is led by an Executive Director and a professional team, with oversight provided by a five-member Board of Trustees appointed by the Boone County Commission.

Stewardship of Your Dollars: Cost-Saving Initiatives

One of BCRSD's core commitments is to stretch every dollar of customer rate revenue as far as possible. The District actively pursues partnerships, refinancing opportunities, and collaborative agreements to reduce costs without sacrificing service quality. Below are the key initiatives that saved your District significant money in recent years and future years.

Missouri State Revolving Fund (SRF) Refinancing

In FY 2022, the Board of Trustees approved the refinancing of several series of outstanding loans. The refinancing, lowered interest rates, extended maturity dates thus lowering annual debt service costs. Through December 31, 2025, this refinancing has generated cumulative savings of \$1.6 million for the District — savings that directly reduce the pressure on customer rates. During years of lower debt service resulting from the refinance, the Board has elected to deposit the savings into a Budget Stabilization Fund, which stood at \$1.6 million at year-end. This reserve is intended to minimize the impact of unexpected expenses and provides funds to pay with cash for certain capital requirements with the idea of minimizing future rate spikes.

City of Columbia Cooperative Agreements

BCRSD has developed several cooperative agreements with the City of Columbia that result in meaningful cost avoidance. These include: wholesale wastewater treatment services, which allow BCRSD to utilize the City's treatment capacity rather than building standalone facilities. These partnerships reflect a regional approach to utility management that benefits all Boone County residents.

Tier 2 Continuing Authority & Regionalization

In 2009, BCRSD was granted joint Tier 2 Continuing Authority, alongside the City of Columbia, by the Missouri Clean Water Commission. This authority has enabled the District to pursue regionalization of sewer systems across Boone County, consolidating service areas and reducing the number of individual permitted discharge locations. Fewer discharge points mean fewer permitted facilities to operate and maintain — a long-term cost savings strategy that also improves environmental outcomes for local streams and waterways.

Budget Stabilization Fund

The District's Budget Stabilization Fund has grown to \$1.6 million as of December 31, 2025. Funded with debt service savings from the Missouri State Revolving Fund (SRF) refinancing, this reserve is a deliberate strategy to smooth future budgets and reduce rate spikes for customers. A well-funded reserve means the District can pay for some capital requirements without incurring debt services costs, obtain lower interest rates for future debt issuances, absorb unexpected costs to minimize rate increase spikes.

Cash Management

Cash management practices can help keep rates stable. Cash can be utilized to pay for clean water capital projects to avoid financing costs and maintain the industry best practice of 120-180 days of cash to help obtain favorable financing rates.

The table below illustrates reserves to keep interest rates lowest possible, cash available to pay for capital projects to avoid financing altogether, and to help avoid rate spikes, and the cash restricted by the bond covenants.

	2025	% Change	2024
Cash - available	\$ 2,259,529	9%	\$ 2,079,219
Cash - designated	805,061	1%	798,155
Cash - future capital improvements	1,668,529	36%	1,227,154
Total cash	\$ 4,733,119	15%	\$ 4,104,528
Investments restricted	507,677	-1%	510,843
Total cash and restricted investments	\$ 5,240,796	14%	\$ 4,615,371
Daily cash requirements	\$ 13,238	-2%	\$ 13,476
Days of cash	171	11%	154

Why Sewer Rates Are Needed: The Cost of Clean Water

Clean water is not free to produce. Before wastewater can be returned safely to Missouri's streams and waterways, it must go through rigorous treatment that meets increasingly stringent standards set by the U.S. Environmental Protection Agency, the Missouri Department of Natural Resources, and the Missouri Clean Water Commission. These standards are updated regularly, and each update can require new equipment, facility upgrades, or changes to treatment processes.

Customer user fees are the primary — and most direct — mechanism for funding these obligations. In FY 2025, user fees provided 96% of operating revenues. Those revenues pay for treatment operations, system maintenance, debt service on capital projects, staffing, and compliance activities. A 2.5% rate increase was implemented in 2025, consistent with the updated user rate study completed in 2019 and rising costs of personnel, materials, equipment, and regulatory compliance.

The District completed its updated Area Wide Management Plan (AWMP) and Capital Improvement Plan in 2025. These documents provide a long-range roadmap for clean water capital projects and associated costs. Additionally, a new user rate study was commissioned in late 2025 and is under way to determine rate increases that may be necessary to accomplish the projects identified in the Capital Improvement Plan. The District endeavors to complete necessary project as cost-effectively as possible thru competitive bidding, and examining multiple design alternatives.

FY 2025 Financial Highlights

Total Operating Revenue \$5,793,515 <i>3.2% over FY 2024</i>	Net Position \$23,463,099 <i>+0.7 million over FY 2024 restated</i>	Debt Service Coverage 2.29x <i>Required minimum: 1.10x</i>
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Revenue and Expenses

Operating revenues increased by 3.2% in FY 2025, driven by the 2.5% rate increase implemented during the year, and about a 1% customer growth. Operating expenses increased by 1.8%.

Operating revenues increased by 2.5% in FY 2024, due to lower debt service from SRF refinancing and increased user fees from 2.5% rate increase in 2024. Operating expenses increased by 5.5%.

	FY 2025	FY 2024	FY 2023
Total Operating Revenues	\$5,793,515	\$5,614,775	\$5,477,756
Personnel Expenses	\$1,408,611	\$1,464,710	\$1,311,129
Systems Operation & Maintenance	\$815,741	\$789,412	\$657,310
Wholesale Treatment	\$1,023,545	\$1,044,231	\$1,031,265
Depreciation	\$1,520,502	\$1,406,550	\$1,403,852
All other	\$564,536	\$446,110	\$478,050
Total Operating Expenses	\$5,332,935	\$5,151,013	\$4,881,606
Operating Surplus (for debt service and capital requirements)	\$460,580	\$463,762	\$596,150

Source: BCRSD Basic Financial Statements, FY 2025 and FY2024.

Net Position

The District's overall net position increased by \$0.8 million, from \$23.0 million at the end of FY 2024 to \$23.8 million at the end of FY 2025. The increase is mostly due to \$2.6 million of collection systems donated to the District by real estate developers. Cash and investments grew by \$0.6 million mostly due to the cost savings of the 2022 refinancing.

The District's total net position increased by \$2.7 million from FY2023 to FY2024, primarily due to a restatement related to capital assets recorded in FY2025 for the FY 2024.

	Dec 31, 2025	Dec 31, 2024 Restated	Dec 31, 2023
Cash & Investments (incl. SRF)	\$5,240,796	\$4,615,350	\$3,825,207
Accounts Receivable	\$482,382	\$286,431	\$310,395
Other Assets	\$226,049	\$154,321	\$109,960
Capital Assets, Net of Depreciation	\$30,573,798	\$31,240,304	\$29,994,303
Deferred Outflows	\$262,816	\$307,557	-
Total Assets and Deferred Outflows	\$36,785,841	\$36,603,963	\$34,239,865
Total Liabilities	\$13,322,742	\$13,822,040	\$14,156,902
Net Position	\$23,463,099	\$22,781,923	\$20,082,963

Source: BCRSD Basic Financial Statements, FY 2025 and FY 2024.

Capital Assets

Most of the Districts capital assets are either in Treatment Systems or Collection Systems. Some portions of those systems are donated to the District by real estate developers. Those donations arise because as developers build new subdivisions, they are generally responsible for the costs of building the collection system for that subdivision, then, they donate that system to the District, where the districts takes over maintenance of the collection system and the treatment of the sewage so that it can be returned to the environment as clean water. There was \$2.4 million of donated systems in 2024 and 2025. Below is a table that illustrates the capital assets of the District.

	Balance December 31, 2024, As Restated	2025 Additions	2025 Deletions	Balance December 31, 2025
Construction in Progress	\$ 1,168,757	\$ 185,112	\$ (795,935)	\$ 557,934
Land	88,135	110,020	-	198,155
Leased equipment	281,794	-	-	281,794
Buildings and improvements	250,805	-	-	250,805
Vehicles and equipment	1,340,763	276,341	-	1,617,104
Purchased treatment systems	9,888,483	-	-	9,888,483
Purchased collection systems	17,946,327	931,770	-	18,878,097
Donated treatment systems	4,726,738	-	-	4,726,738
Donated collection systems	14,785,809	101,946	-	14,887,755
Acquisition cost of assets	\$ 50,477,611	\$ 1,605,189	\$ (795,935)	\$ 51,286,865
Accumulated depreciation and amortization	(19,237,307)	(1,475,760)	-	(20,713,067)
Net Capital Assets	\$ 31,240,304	\$ 129,429	\$ (795,935)	\$ 30,573,798

	Balance December 31, 2023, As Restated	2024 Additions	2024 Deletions	Balance December 31, 2024
Construction in Progress	\$ 966,463	\$ 282,184	\$ (79,890)	\$ 1,168,757
Land	88,135	-	-	88,135
Leased equipment	281,794	-	-	281,794
Buildings and improvements	246,288	4,517	-	250,805
Vehicles and equipment	1,250,110	90,653	-	1,340,763
Purchased treatment systems	12,974,905	-	-	12,974,905
Purchased collection systems	32,062,107	-	-	32,062,107
Donated treatment systems		1,640,320	-	1,640,320
Donated collection systems		670,025	-	670,025
Acquisition cost of assets	\$ 47,869,802	\$ 2,687,699	\$ (79,890)	\$ 50,477,611
Accumulated depreciation and amortization	(17,875,509)	(1,361,798)	-	(19,237,307)
Net Capital Assets	\$ 29,994,293	\$ 1,325,901	\$ (79,890)	\$ 31,240,304

Debt and Debt Service

Total active debt issuances through December 31, 2025 were originally \$22,404,673, with an outstanding balance of \$11,818,774. During FY 2025, the District paid \$774,300 toward its long-term SRF debt. The District's debt service coverage ratio (DSCR) was calculated at 2.29x, the debt covenants require a minimum of 1.10x. This level of DSCR will enable the district to obtain favorable interest rates in future debt issuances. Remaining borrowing capacity from the bonding authority is \$3.1 million at the end of December 31, 2025.

Total active debt issuances through December 31, 2024 were originally \$22,404,673, with an outstanding balance of \$12,593,074 as of December 2024. During FY 2024, the District paid \$837,200 toward its long-term SRF debt. The District's debt service coverage ratio (DSCR) was calculated at 2.01, the debt covenants require a minimum of 1.10x. This level of DSCR will enable the district to obtain favorable interest rates in future debt issuances. Remaining borrowing capacity from the bonding authority is \$3.9 million at the end of December 31, 2024.

Economic Outlook and Forward-Looking Considerations

As a public utility, BCRSD is not immune to the broader economic environment. The following factors are expected to shape the District's financial planning over the next several years, and the Board of Trustees and management are actively monitoring each of them.

Inflation and Rising Operating Costs

Like all utilities, BCRSD has experienced upward pressure on operating costs as a result of sustained inflation in materials, energy, and contract services. Personnel costs — which represent approximately 38% of the FY 2025 operating budget — have increased as the District works to attract and retain qualified staff in a competitive labor market. Management continues to prioritize operational efficiencies and intergovernmental partnerships to offset these pressures without unnecessary rate increases.

Federal and State Regulatory Compliance

Regulatory requirements for wastewater treatment and discharge are becoming more stringent over time. The EPA and Missouri DNR continue to refine water quality standards, and compliance with these evolving requirements represents one of the most significant long-term cost drivers for the District. Capital investments in treatment infrastructure, monitoring systems, and facility upgrades will be necessary to maintain compliance. The updated Area Wide Management Plan, updated in 2025, has quantified these future compliance costs and integrated them into the District's Capital Improvement Plan — providing the Board and management with a clear roadmap for prudent, cost-effective investment.

Growth and Capacity Planning

Customer growth within the District has continued to increase year over year, which is a positive indicator of community development and long-term revenue stability. However, growth also places demands on existing infrastructure and may necessitate system expansions. The updated AWMP assesses current and projected capacity needs, guiding the District's investments to keep pace with growth while managing costs responsibly.

Interest Rate Environment

The District's investment portfolio generated \$199,983 in interest income in FY 2025, compared to \$202,775 in FY 2024. While the future interest rate environment remains uncertain, the District's investment practices are managed conservatively and in accordance with Missouri statutes. At the same time, the cost of future borrowing will be influenced by market interest rates. The District's use of the SRF program — which provides subsidized loan rates — serves as a meaningful hedge against rising borrowing costs for qualified capital projects.

Looking Ahead

The completion of the updated AWMP and Capital Improvement Plan, the progression of a new user rate study, and the advancement of SRF financed projects mark significant milestones for the District's long-term planning. Management will continue to identify cost savings through cooperative agreements and operational efficiencies as the District plans for the capital investments required to serve a growing community and meet evolving clean water standards.

Bad debt has remained consistently low, reflecting the essential nature of sewer service. The District's financial foundation supports continued investment in infrastructure and regulatory compliance, while its stewardship practices help ensure rates remain as affordable as possible for Boone County customers.

The District's Area Wide Management Plan and Capital Improvement Plan will be reviewed in 2026 by the Clean Water Commission. Once formal approval of the plan is obtained, efforts will begin for a bond election in 2027. Additional bonding capacity will be needed to leverage the low interest loan opportunities offered by the Missouri State Revolving Fund.

Contacting BCRSD Financial Management

This financial report is designed to provide BCRSD's customers, vendors, creditors, and community members with a clear and honest overview of the District's finances and its accountability for the funds it receives. If you have questions about any information in this report or would like additional information, please contact us:

Boone County Regional Sewer District

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finance@bcrsd.com

BASIC FINANCIAL STATEMENTS

BOONE COUNTY REGIONAL SEWER DISTRICT
STATEMENTS OF NET POSITION

DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,733,119	\$ 4,104,507
Accounts receivable, net of allowance for uncollectibles	482,382	286,431
Prepaid expenses	226,049	154,321
Total Current Assets	5,441,550	4,545,259
Restricted Assets		
Investments, restricted SRF accounts	507,677	510,843
Total Restricted Assets	507,677	510,843
Noncurrent Assets		
Nondepreciable capital assets	756,089	1,256,892
Intangible capital assets, net of accumulated amortization	187,835	217,589
Tangible capital assets, net of accumulated depreciation	29,629,874	29,765,823
Total Noncurrent Assets	30,573,798	31,240,304
TOTAL ASSETS	36,523,025	36,296,406
DEFERRED OUTFLOWS		
Asset retirement obligation	262,816	307,557
LIABILITIES		
Current Liabilities		
Accounts payable	274,708	206,139
Accrued expenses	62,108	56,124
Accrued debt interest payable	107,185	91,363
Unearned revenue	157,143	157,143
Compensated absences due within one year	81,576	75,362
Finance purchase due within one year	32,474	-
Leases due within one year	57,513	56,723
Total Current Liabilities	772,707	642,854
Current Liabilities Payable from Restricted Funds		
Revenue bonds due within one year	779,214	774,300
Total Current Liabilities Payable from Restricted Funds	779,214	774,300
Noncurrent Liabilities		
Revenue bonds due after one year	11,039,560	11,754,214
Bond premium	7,675	12,069
Finance purchase due after one year	144,460	-
Leases due after one year	3,126	62,603
Asset retirement obligations	576,000	576,000
Total Noncurrent Liabilities	11,770,821	12,404,886
TOTAL LIABILITIES	13,322,742	13,822,040
NET POSITION		
Net investment in capital assets	18,352,619	18,580,345
Restricted for debt service	507,677	510,843
Unrestricted	4,602,803	3,690,735
TOTAL NET POSITION	\$ 23,463,099	\$ 22,781,923

BOONE COUNTY REGIONAL SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Customer fees	\$ 5,562,516	\$ 5,405,572
Contract services	230,999	209,203
Total Operating Revenues	5,793,515	5,614,775
OPERATING EXPENSES		
Cost of services — labor	1,080,363	1,096,287
Utilities	215,541	207,068
Equipment	144,626	78,847
Treatment costs	121,573	86,732
Wholesale treatment	1,023,545	1,044,231
Collection systems	198,367	169,780
Services and fees	135,634	246,985
Labor expenses	328,248	368,423
Insurance	91,805	67,594
Professional fees	238,521	160,840
Service fees	154,259	155,617
Depreciation and amortization	1,520,502	1,406,550
All other expenses	79,951	62,006
Total Operating Expenses	5,332,935	5,150,960
OPERATING INCOME	460,580	463,815
NON-OPERATING REVENUES / (EXPENSES)		
Grant income	187,657	147,825
Interest income	199,983	202,775
Interest expense	(182,550)	(143,795)
Bond issuance costs	(70,057)	(74,410)
Other nonoperating revenues (expenses)	(16,382)	23,285
Total Non-Operating Revenues / (Expenses)	118,651	155,680
INCOME BEFORE CAPITAL CONTRIBUTIONS	579,231	619,495
CAPITAL CONTRIBUTIONS	101,945	2,303,167
CHANGE IN NET POSITION	681,176	2,922,662
Net Position, Beginning of Year, As Previously Reported	22,781,923	20,082,963
Restatement - Error Correction	-	(223,702)
Net Position, Beginning of Year, As Restated	22,781,923	19,859,261
Net Position, End of Year	\$ 23,463,099	\$ 22,781,923

BOONE COUNTY REGIONAL SEWER DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash provided by customer fees	\$ 5,525,837	\$ 5,682,653
Cash paid to suppliers	(2,492,384)	(2,512,268)
Cash paid to employees	(1,396,413)	(1,481,294)
Net Cash Provided / (Used) by Operating Activities	1,637,040	1,689,091
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(550,152)	(304,648)
Principal paid on long-term debt	(832,987)	(911,809)
Interest paid on notes and bonds	(171,140)	(143,795)
Proceeds from issuance of long-term debt	241,494	161,829
Bond issuance costs	(70,057)	(74,410)
Other receipts (payments)	171,265	194,347
Net Cash Provided / (Used) for Capital and Related Financing Activities	(1,211,577)	(1,078,486)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	203,149	275,995
Net Cash Provided / (Used) by Investing Activities	203,149	275,995
Net Increase / (Decrease) in Cash and Cash Equivalents	628,612	886,600
Cash and Cash Equivalents, Beginning of Year	4,104,507	3,217,907
Cash and Cash Equivalents, End of Year	\$ 4,733,119	\$ 4,104,507
SUPPLEMENTAL SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital not involving cash	\$ 101,945	\$ 2,303,167
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net income from operating activities	\$ 460,580	\$ 463,815
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>		
Depreciation and amortization	1,520,502	1,406,550
(Increase) / decrease in accounts receivable	(195,951)	23,964
(Increase) / decrease in prepaid expenses	(71,727)	(44,362)
Increase / (decrease) in accounts payable	(88,562)	(73,027)
Increase / (decrease) in accrued expenses, including compensated absences	12,198	(96,248)
Increase / (decrease) in unearned revenue	-	8,399
Total Adjustments	1,176,460	1,225,276
Net Cash Provided / (Used) by Operating Activities	\$ 1,637,040	\$ 1,689,091

Notes to the Financial Statements

Fiscal Year Ended December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Boone County Regional Sewer District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the District are described below:

Reporting Entity

The Boone County Regional Sewer District was formed in 1973 and is a sewer district of the State of Missouri organized under the provisions of section RSMo. 204.600 - 204.640. One member of the Boone County Commission is on the Board of Trustees of the District; the remaining Trustees are appointed by the Boone County Commission. The District provides sewer and water service to commercial and residential consumers for a fee within its boundaries. There are no component units that are required to be included in the District's reporting entity because of the significance of their operational or financial relationship with the District. These financial statements include all functions, programs, and activities under the control of the Board of Trustees of the District.

Basis of Accounting and Measurement Focus

The District is accounted for as a **proprietary (enterprise) fund**, consistent with GASB Statement No. 34.

Enterprise funds account for operations for which a user fee is charged to external users for goods and services.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

The accrual basis of accounting is used. Revenues are recognized when earned and expenses are recognized when incurred. The District first applies restricted resources before unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available (see Net Position Flow Assumption below).

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services in conjunction with the District's principal ongoing operations. Principal operating revenues consist of sewer utility fees. Operating expenses include the costs of providing sewer utility services. Nonoperating and other activities primarily include grant income, interest income, interest expense, and debt issue costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental entities requires 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 amounts of revenues and expenses during the reporting period. Significant estimates include the estimated useful lives of property and equipment and the allowance for doubtful accounts. Actual results could differ from those estimates.

NOTE 1: (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and money market accounts maintained at local financial institutions. All deposits are either fully insured by federal depository insurance or collateralized with securities pledged by the bank in the name of the District, in accordance with Missouri state law.

For purposes of the Statement of Cash Flows, the District considers all investments with an original maturity of three months or less to be cash equivalents. At December 31, 2025 and 2024, all unrestricted investments met this criterion and are classified as cash equivalents.

Investments

The District categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Capital Assets

Capital assets include intangible assets and tangible equipment, machinery, facilities, and wastewater collection and treatment systems. Assets are capitalized when the unit cost exceeds \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at actual historical cost where available and at estimated historical cost where historical cost records are unavailable. Land is valued at actual historical cost or at estimated acquisition value if received by donation.

Depreciation is computed using the straight-line method over the estimated useful life of the asset. Estimated useful lives are as follows:

Asset Category	Useful Life
Machinery and equipment	3 – 20 years
Buildings	30 years
Wastewater collection systems	20 – 50 years
Treatment plants	20 – 50 years

Purchased wastewater collection and treatment systems are capitalized at the cost of acquisition. Donated collection and treatment systems are capitalized using developer reported cost on the date the bill of sale is accepted, which approximates estimated acquisition value.

Intangible assets represent the District’s right-to-use a leased asset. These intangible assets, as defined by GASB Statement No. 87, *Leases*, are for lease contracts of nonfinancial equipment assets.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist primarily of sewer use fees billed to customers. An allowance for doubtful accounts is maintained so that receivables are presented at estimated net realizable value. The allowance is based on management’s assessment of historical collection experience and current customer account status. The allowance for uncollectible accounts was \$15,000 at December 31, 2025, and \$34,585 at December 31, 2024.

Accounts Payable

Accounts payable consist primarily of amounts owed to vendors for products and services and amounts due to the City of Columbia for wholesale wastewater treatment services.

NOTE 1: (Continued)

Compensated Absences

The District accrues compensated absences (vacation leave) in accordance with GASB Statement No. 16, as amended by GASB Statement No 101. Employees are entitled to receive payment for unused, accumulated vacation upon separation from employment. An accrued liability is recorded for vacation payable to employees at December 31, 2025 and 2024. The District also estimates a liability for sick leave earned as of year-end that will more likely than not be used by employees as time off in future years in accordance with GASB Statement 101.

Net Position Classification

Net position is classified and reported in three components, consistent with GASB Statement No. 63 and GASB Statement No. 65:

- **Net Investment in Capital Assets** — Capital assets, net of accumulated depreciation and amortization, less the outstanding balance of any debt directly attributable to the acquisition, construction, or improvement of those assets as well as any other non-debt capital related liabilities.
- **Restricted Net Position** — Net position subject to externally imposed constraints (e.g., bond covenants, grant agreements, or legal requirements).
- **Unrestricted Net Position** — All other net position not included in the above categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, it is the District's policy to utilize available restricted net position releases to have been utilized before unrestricted net position is applied.

Operating Income

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and costs of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Deferred Outflows/Inflows of Resources

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

Reclassifications

The District reclassified amounts at December 31, 2024 to conform with the current year presentation.

NOTE 2: CASH AND INVESTMENTS

Deposits

The difference between carrying value and bank balance is attributable to outstanding checks and deposits in transit.

State law requires collateralization of all public deposits in excess of FDIC insurance limits. Acceptable collateral includes: direct obligations of the U.S. Treasury or U.S. agencies; obligations guaranteed by the full faith and credit of the State of Missouri; bonds of Missouri cities, counties, school districts, or special road districts; bonds of any state; tax anticipation notes issued by a first-class county; or a surety bond — each with an aggregate value at least equal to the uninsured deposit amount. All deposits were adequately secured at December 31, 2025 and 2024.

NOTE 2: (Continued)

Custodial Credit Risk — Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. The District's policy requires compliance with applicable Missouri statutes regarding collateralization. All deposits were fully insured or collateralized at December 31, 2025 and 2024, and custodial credit risk exposure was \$0 at both dates.

The following table summarizes the District's deposits at December 31, 2025 and 2024:

	2025 Carrying Value	2025 Bank Balance	2024 Carrying Value	2024 Bank Balance
Checking Accounts	\$2,128,554	\$2,332,835	\$1,608,043	\$1,692,621
Money Market Accounts	\$2,604,515	\$2,604,515	\$2,496,414	\$2,496,413
Total Deposits	\$4,733,069	\$4,937,350	\$4,104,457	\$4,189,034

In addition to the above accounts, there was petty cash of \$50 and \$50 at December 31, 2025 and 2024, respectively.

Investments

The District is legally authorized to invest in: direct obligations of and obligations guaranteed by the U.S. Treasury and U.S. agencies or instrumentalities; obligations guaranteed by the full faith and credit of the State of Missouri; repurchase agreements; certificates of deposit; bankers' acceptances; and commercial paper.

Additionally, the District participates in the Missouri State Revolving Fund (SRF) bond program. Investments are maintained by the SRF program on behalf of the District in a common investment pool. The underlying investments are money market mutual funds, which have maturities less than one year and are not subject to fair value level classification. These investments are classified as restricted in the amount of \$507,677 and \$510,843 at December 31, 2025 and 2024, respectively.

The District's investment policy states that, after assuring an investment is legally permitted, safety of principal is the foremost objective. Preservation of capital takes priority over yield.

Credit Risk: Credit risk is the risk of loss due to failure of the security's issuer or guarantor. The District minimizes credit risk by: (1) pre-qualifying all financial institutions, broker/dealers, custodians, and depositories used in connection with District investments; and (2) diversifying investments among issuers to limit exposure to any single issuer or guarantor.

Interest Rate Risk: Interest rate risk is the risk that the market value of investments may decline due to changes in market interest rates. The District minimizes this risk by: (1) structuring investments so individual maturities coincide with projected cash needs, avoiding the need to sell investments prior to maturity; and (2) structuring operating reserves using shorter-term, laddered maturities to maintain flexibility and reduce rate risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a formal policy specifically addressing concentration of credit risk because it follows the Missouri constitution in choosing investments.

Custodial Credit Risk — Investments: Custodial credit risk for investments is the risk that, in the event of custodian failure, the District would not be able to recover the value of investments held by a custodian. The District manages this risk by collateralizing cash and investments.

Fair Value Measurement - The District classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities.

The District does not have any investments subject to fair value measurement as of December 31, 2025 or 2024.

NOTE 3: MANAGEMENT AND SERVICE AGREEMENTS

The District has entered into an agreement with Boone Electric Cooperative (BEC) for accounts receivable billing and collections services. The agreement continues until terminated by either party. This agreement is expected to end in July of 2026. The District will begin utilizing a different information systems vendor and a different customer relations and billing software.

The District has also entered into cooperative agreements with the City of Columbia for wholesale wastewater treatment services, and sludge management. These agreements are within the normal operating scope of the District and represent cost-effective, regionalized approaches to service delivery within Boone County.

NOTE 4: CAPITAL ASSETS

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

	Balance at December 31, 2024 As Restated	Additions	Disposals	Balance at December 31, 2025
Construction in progress	\$ 1,168,757	\$ 185,112	\$ (795,935)	\$ 557,934
Land	88,135	110,020		198,155
sub-total, non-depreciable	1,256,892	295,132	(795,935)	756,089
Buildings and improvements	250,805	-		250,805
Vehicles and equipment	1,340,763	276,341		1,617,104
Wastewater systems	47,347,357	1,033,716		48,381,073
Leased equipment	281,794	-		281,794
sub-total, depreciable	49,220,719	1,310,057	-	50,530,776
Total Capital Assets	<u>\$ 50,477,611</u>	<u>\$ 1,605,189</u>	<u>\$ (795,935)</u>	<u>\$ 51,286,865</u>
Less: accumulated amortization	(64,205)	(29,754)		(93,959)
Less: accumulated depreciation	(19,173,102)	(1,446,006)	-	(20,619,108)
Total accumulated amortization and depreciation	<u>(19,237,307)</u>	<u>(1,475,760)</u>	<u>-</u>	<u>(20,713,067)</u>
Net capital assets	<u>\$ 31,240,304</u>	<u>\$ 129,429</u>	<u>\$ (795,935)</u>	<u>\$ 30,573,798</u>

NOTE 4: (Continued)

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

	Balance at December 31, 2023 As Restated	Additions	Disposals	Balance at December 31, 2024 As Restated
Construction in progress	\$ 966,463	\$ 282,184	\$ (79,890)	\$ 1,168,757
Land	88,135	-	-	88,135
sub-total, non-depreciable	1,054,598	282,184	(79,890)	1,256,892
Buildings and improvements	246,288	4,517	-	250,805
Vehicles and equipment	1,250,110	90,653	-	1,340,763
Wastewater systems	45,037,012	2,310,345	-	47,347,357
Leased equipment	281,794	-	-	281,794
sub-total, depreciable and amortizable	46,815,204	2,405,515	-	49,220,719
Total Capital Assets	\$ 47,869,802	\$ 2,687,699	\$ (79,890)	\$ 50,477,611
Less: accumulated amortization	(34,451)	(29,754)	-	(64,205)
Less: accumulated depreciation	(17,841,058)	(1,332,044)	-	(19,173,102)
Total accumulated amortization and depreciation	(17,875,509)	(1,361,798)	-	(19,237,307)
Net capital assets	\$ 29,994,293	\$ 1,325,901	\$ (79,890)	\$ 31,240,304

Depreciation and amortization expense was \$1,446,006 and \$29,754, respectively for the year ended December 31, 2025. Depreciation and amortization expense was \$1,332,044 and \$29,754, respectively for the year ended December 31, 2024. Capital assets received as donated infrastructure are recorded at fair value, determined based on the developer's acquisition costs.

NOTE 5: LONG-TERM DEBT

The District has loans outstanding with the Missouri Department of Natural Resources under two loan programs. The bonds are referred to as either revenue bonds or direct loans.

Revenue Bonds - State Revolving Fund (SRF)

The District is obligated under revenue bonds issued through the Missouri State Revolving Fund program. These bonds are payable from sewer fees charged by the District (see also Note 10).

Series 2006B bonds - dated November 2006 totaling \$675,000 mature from July 1, 2007 to July 1, 2026. The stated interest rates vary from 4% to 5%.

Series 2007B bonds - dated November 2007 totaling \$2,710,000 mature from January 1, 2009 to January 1, 2038. The stated interest rate is 1.5615%.

In conjunction with the revenue bonds, the Missouri State Environmental Improvement and Energy Resources Authority and the Missouri Department of Natural Resources (MDNR) have entered into an agreement with the District to help defray some of the interest cost associated with the revenue bond issue. As bond proceeds are used for approved projects, 70% of the amount expended is invested by the state agencies in a reserve fund. The income earned from this investment is used to off-set the interest payable on the outstanding revenue bond issue. As principal is paid on the revenue bond issue, a portion of the reserve fund is returned to the state, so that 70% of the outstanding bond issue remains in reserve.

NOTE 5: (Continued)

The Reserve Fund Balances for Series 2004B, 2006B and 2007B were transferred to a Reserve Investment Account in June of 2009 managed by MDNR. The new reserve account will operate like an escrow account for the benefit of all entities involved in the SRF program. Numerous investments are involved that will generate the interest subsidy and maintain the Reserve Funds' 70% of bonds owed balance. The interest income to offset interest expense for these series will be transferred to the District Reserve Funds in January and July. These funds will immediately be used to pay interest or transferred to MDNR to maintain the 70% balance of bond issuance owed. However, the balance of the District Reserve Funds for these series will remain at zero.

Direct Loans - SRF

The direct loans have subsidized interest rates and have no associated debt service reserve fund requirement. The amortization of these debt issuances is estimated at this time. The actual amortization will depend on how quickly the District draws from the available debt balance.

Direct Loan 2019 dated May 30, 2019 totaling \$1,219,000 matures from January 1, 2020 to January 1, 2040. The stated interest rate is 1.22%.

Direct Loan 2015 dated March 2015 totaling \$3,064,000 matures July 1, 2016 to January 1, 2045. The interest rate is 1.26%.

Direct Loan 2013 dated July 2013 totaling \$12,198,000 matures from July 1, 2015 to July 1, 2044. The interest rate is 1.48%.

Direct Loan 2012 dated May 2012 totaling \$1,208,878 matures from January 1, 2013 to July 1, 2032. The interest rate is 1.44%.

Direct Loan 2011 dated June 2011 totaling \$438,000 matures from July 1, 2012 to July 1, 2031. The interest rate is 1.61%.

Direct Loan 2009 debt dated December 2009 totaling \$885,270 matures from July 1, 2011 to July 1, 2030. The interest rate is 1.49%.

Direct Loan 2023 debt dated July, 2023 totaling \$147,000 matures from July 1, 2024 to July 1, 2043. The interest rate is 1.199%.

Lease Payable

The District financed the purchase of a sewer jet with a lease obligation on December 1, 2021 in the amount of \$273,905. Annual principal and interest payments of \$54,783 are due on December 1 for five years starting in 2022 and ending in 2026.

The District financed the purchase of a copier with a lease obligation on September 8, 2022 in the amount of \$15,746. Monthly principal and interest payments of \$290 are due on the last day of the month for five years starting in 2022 and ending on November 20, 2027.

Finance Purchases

The District financed the purchase of a dump truck with a note obligation on November 19, 2019 in the amount of \$115,884. Annual principal and interest payments of \$20,594 are due on November for five years starting in 2019 and ended in 2024.

The District financed the purchase of a Crane truck with a bank note on March 19, 2025 in the amount of \$176,934. Annual principal and interest payments of \$40,082 are due on March 19 for five years starting in 2026 and ending in 2030.

NOTE 5: (Continued)

Asset Retirement Obligations (ARO)

The District has implemented GASB Statement No 83, Certain Asset Retirement Obligations effective for the fiscal year ending November 30, 2020. The District has recognized an asset retirement obligations (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells and a sewer lagoon at the end of their estimated useful lives in accordance with federal, state and/or local requirements. The ARO was measured using actual historical costs for similar retirements, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells and lagoon ranges from 6 to 75 years. The District had \$576,000 in ARO as of December 31, 2025 and 2024 and had \$262,816 and \$307,557 in deferred outflows as of December 31, 2025 and 2024, respectively. Amortization of the ARO amounted to \$44,741 for the years ended December 31, 2025 and 2024.

Changes in Long-Term Debt — Year Ended December 31, 2025

The following table summarizes changes in the District's long-term obligations during the year ended December 31, 2025:

	December 31, 2024 As Restated	Additions	Reduction	December 31, 2025	Current Portion
Revenue Bonds - SRF	\$ 1,021,000	\$ -	\$ (107,000)	\$ 914,000	\$ 107,000
Direct Loans - SRF	11,507,514	64,560	(667,300)	10,904,774	672,214
sub-total	12,528,514	64,560	(774,300)	11,818,774	779,214
Finance purchase	-	176,934	-	176,934	32,474
Equipment Leases	119,326	-	(58,687)	60,639	57,513
Asset retirement obligation	576,000	-	-	576,000	-
Compensated absences	75,362	6,214		81,576	81,576
Premium	12,069	-	(4,394)	7,675	-
Total	\$ 13,311,271	\$ 247,708	\$ (837,381)	\$ 12,721,598	\$ 950,777

Due to the implementation of GASB Statement No. 101, *Compensated Absences*, Compensated absences additions and deletions are shown net.

The following table presents the future annual debt service requirements for all SRF revenue bonds and direct loans outstanding at December 31, 2025:

Year ending December 31,	Principal	Interest	Total
2026	\$ 779,214	\$ 167,153	\$ 946,367
2027	744,620	154,807	899,427
2028	748,720	144,073	892,793
2029	754,010	133,280	887,290
2030	758,900	122,405	881,305
2031-2035	3,205,030	464,156	3,669,186
2036-2040	2,896,380	246,246	3,142,626
2041-2045	1,931,900	63,041	1,994,941
Total	\$ 11,818,774	\$ 1,495,161	\$ 13,313,935

NOTE 5: (Continued)

The following table presents the future annual debt service requirements for the finance purchases outstanding at December 31, 2025:

Year ending December 31,	Principal	Interest	Total
2026	\$ 32,474	\$ 7,608	\$ 40,082
2027	33,870	6,212	40,082
2028	35,314	4,768	40,082
2029	36,845	3,237	40,082
2030	38,431	1,652	40,083
Total	\$ 176,934	\$ 23,477	\$ 200,411

The following table presents the future annual debt service requirements for all leases outstanding at December 31, 2025:

Year ending December 31,	Principal	Interest	Total
2026	\$ 57,513	\$ 197	\$ 57,710
2027	3,126	63	3,189
Total	\$ 60,639	\$ 260	\$ 60,899

Changes in Long-Term Debt — Year Ended December 31, 2024 (Prior Year)

The following table summarizes changes in the District's long-term obligations during the year ended December 31, 2024:

	Balance December 31, 2023, As Restated	Additions	Reduction	Balance December 31, 2024	Current Portion
Revenue Bonds - SRF	\$ 1,198,000	\$ -	\$ (177,000)	\$ 1,021,000	\$ 177,000
Direct Loans - SRF	12,091,100	76,614	(660,200)	11,507,514	597,300
sub-total	13,289,100	76,614	(837,200)	12,528,514	774,300
Finance Purchase	20,063	-	(20,063)	-	-
Equipment Leases	173,872	-	(54,546)	119,326	56,723
Asset Retirement Obligation	576,000	-	-	576,000	-
Compensated Absences	69,148	6,214	-	75,362	75,362
Premium	16,463	-	(4,394)	12,069	-
Total	\$ 14,144,646	\$ 82,828	\$ (916,203)	\$ 13,311,271	\$ 906,385

NOTE 5: (Continued)

The following table presents the future annual debt service requirements for all SRF revenue bonds and direct loans outstanding at December 31, 2024:

Year ending December 31,	Principal	Interest	Total
2025	\$ 774,300	\$ 179,110	\$ 953,410
2026	779,214	167,153	946,367
2027	744,620	154,807	899,427
2028	748,720	144,073	892,793
2029	754,010	133,280	887,290
2030-2034	3,355,750	511,603	3,867,353
2035-2039	2,990,920	288,406	3,279,326
2040-2044	2,400,540	95,735	2,496,275
2045	45,000	284	45,284
Total	\$ 12,593,074	\$ 1,674,451	\$ 14,267,525

The following table presents the future annual debt service requirements for leases outstanding at December 31, 2024:

Year ending December 31,	Principal	Interest	Total
2025	\$ 58,687	\$ 1,944	\$ 60,631
2026	57,513	197	57,710
2027	3,126	63	3,189
Total	\$ 119,326	\$ 2,204	\$ 121,530

NOTE 6: RESTRICTED NET POSITION

Certain amounts of the District's net position are subject to external restrictions imposed by bond covenants. Additionally, the board has designated certain amounts for clean water projects. The following table presents restricted net position balances held by the bond trustee, SRF investment pool, or by the District at December 31, 2025 and 2024:

Accounts / Purpose	Dec 31, 2025	Dec 31, 2024
Revenue bond principal accounts	\$ 88,008	\$ 88,554
Revenue bond interest accounts	5,870	5,782
Direct loan principal accounts	336,937	335,498
Direct loan interest accounts	76,856	81,003
Direct loan debt service accounts	6	6
Total restricted accounts	\$ 507,677	\$ 510,843

NOTE 7: EMPLOYEE BENEFITS — DEFINED CONTRIBUTION PENSION PLAN

The District provides a defined contribution pension plan for eligible employees. Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, earnings on those contributions, and forfeitures of other participants' benefits allocated to the participant's account.

The District does not maintain custody of the individual participant accounts; accordingly, no plan net position or plan fiduciary liability is reported in these financial statements. The District's only obligation is to make the required contributions in the current period. Contribution expense for the years ended December 31, 2025 and 2024 was \$46,109 and \$70,737, respectively.

NOTE 8: COMMITMENTS

The District has entered into various agreements for the construction, management, and maintenance of publicly and privately constructed sewage systems throughout Boone County. These agreements are within the normal operating scope of the District and serve to protect the District's interest in sewage collection and treatment.

Beginning in December 2007, the District commenced implementation of a comprehensive capital improvement and construction plan totaling \$21,784,476. Boone County voters have approved revenue bond authority in the following elections:

Election Date	Amount Approved	Purpose
November 1997	\$3,800,000	Sewer system improvements
November 2003	\$3,850,000	Sewer system improvements
April 2008	\$21,000,000	Sewer system improvements
Total Authorized	\$28,650,000	

Of the total voter-authorized bonding capacity, \$27,043,811 had been issued as of December 31, 2025 (December 31, 2024: \$25,677,811), as detailed in Note 5. Remaining unissued bond authority totals \$3.1 million at December 31, 2025. The remaining bonds are scheduled to be issued in accordance with the District's Capital Improvement Plan.

The District is pursuing an increase in voted bonding authority to fund future capital projects identified in the 2025 updated Area Wide Management Plan and Capital Improvement Plan.

The District has committed to two contracts as of December 31, 2025. The Highfield Acres pump station project in the amount of \$453,000, and the Headquarters renovation project in the amount of \$384,578. The Highfield aces project will be financed with \$220,000 of a grant and \$164,578 of a SRF loan.

NOTE 9: LITIGATION AND RISK MANAGEMENT

The District is exposed to various risks of loss arising from general liability claims, regulatory actions, and other contingencies related to its operations. In the opinion of management, existing legal proceedings are not likely to have a material adverse impact on the District's financial position or results of operations.

The District is a member of the Missouri Public Entity Risk Management Fund (MOPERM), a public entity risk pool that provides coverage for property, liability, workers' compensation, and other related risks. MOPERM is a cooperative arrangement among participating public entities to finance and manage risks collectively. The District makes annual payment to MOPERM, which is used to pay claims and administrative costs. As a pool member, the District has the right to receive insurance coverage as provided under MOPERM's policies and bylaws, and to participate in the governance of the pool. The District retains no significant liability beyond its annual payments.

The District also purchases commercial insurance coverage to cover other risks. There have been no settlements exceeding coverage in the current year and the past two years.

NOTE 10: PLEDGED REVENUES

The District has pledged future revenues, net of specified operating expenses, to repay SRF revenue bonds and equipment leases issued to finance sewer system improvements and equipment acquisitions. These obligations are payable from net revenues through 2045.

	FY 2025	FY 2024
Total net revenues pledged	\$1,981,082	\$1,793,751
Principal and interest paid	\$1,010,645	\$1,054,260
Debt service as % of net revenues	44%	52%
Remaining term of pledge	Through 2045	Through 2045

Net revenues available for debt service are calculated as total operating revenues less operating expenses, excluding depreciation. The debt service coverage ratio (available net revenues divided by annual debt service) was 2.29x for the year ended December 31, 2025, compared to 1.94x for the year ended December 31, 2024. The required minimum debt service coverage ratio under the District's bond covenants is 1.10x.

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 5, 2026, which is the date these financial statements are available to be issued, in accordance with GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.

No events or transactions requiring recognition or disclosure in the financial statements were identified as a result of this evaluation.

NOTE 12: ERROR CORRECTION

The District corrected its net position as of December 31, 2023 and 2024. The restatement was necessary because donated treatment and collection systems capital assets totaling \$2,303,167 and other capital asset amounts of \$177,687 were not recorded and capital assets were understated as of December 31, 2024 as well as contribution revenue. In addition, Asset Retirement Obligations (ARO) were booked as of December 31, 2023 to comply with GASB Statement No. 83, *Asset Retirement Obligations*, that was effective in 2019. Deferred outflows were understated in the amount of \$352,298 and \$307,557 at December 31, 2023 and 2024, and the asset retirement obligation was understated in the amount of \$576,000 at December 31, 2023 and 2024. Below is the effect on net position as of December 31, 2023.

	FY 2024
Beginning Net Position, As Previously Reported	\$20,082,963
Error Correction-Asset Retirement Obligation	(223,702)
Beginning Net Position, As Restated	\$19,859,261

SUPPLEMENTARY INFORMATION

Supplementary Information

Fiscal Year Ended December 31, 2025

STATE REVOLVING FUND (SRF) REVENUE BONDS AND DIRECT LOANS BY DEBT SERIES

Series	Initial Date	Maturity Date	Principal Issued	Interest Rate	Current Balance	Current Portion
2006 Series *	7/1/2026	12/31/2026	\$ 675,000	4% to 5%	\$ 40,000	\$ 40,000
2007 Series (A) *	1/1/2038	1/1/2038	885,270	1.5% to 4.75%	874,000	67,000
2009 Series	12/29/2009	7/1/2030	2,710,000	1.49%	267,100	49,700
2011 Series	6/14/2011	7/1/2031	438,000	1.61%	159,000	24,000
2012 Series	5/9/2012	7/1/2032	1,208,878	1.44%	499,600	64,500
2013 Series (A)	7/13/2013	7/1/2044	12,198,000	1.48%	7,138,000	376,000
2015 Series (A)	4/20/2015	7/1/2044	3,064,000	1.26%	1,849,000	96,000
2019 Series	5/30/2019	1/1/2045	1,219,000	1.22%	860,500	50,700
2023 Series	2023 & 2024	1/1/2040	147,000	1.19%	131,574	11,314
sub-total			\$ 22,545,148		\$ 11,818,774	\$ 779,214
Highfield Acres approved			107,312			
Brown Station/Richardson Acres approved			1,366,000			
Remaining authority			1,612,015			
Total active SRF series bond authority			\$ 25,630,475			

(*) Revenue Bond

(A) Refinanced in 2022 for a lower rate and extended term. Net present value savings of refinancing was \$1.6 million.

BOONE COUNTY REGIONAL SEWER DISTRICT
SUPPLEMENTARY INFORMATION - SCHEDULES OF DEBT SERVICE COVERAGE
 FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
REVENUES		
Customer fees	\$ 5,793,515	\$ 5,614,775
Interest income	199,983	202,775
Adjusted Operating Revenue	5,993,498	5,817,550
OPERATING EXPENSES EXCLUDING DEPRECIATION AND AMORTIZATION		
Cost of services	2,919,649	2,929,930
Administrative and general	892,784	814,480
Total Operating Expenses	3,812,433	3,744,410
Operating Income Available for Debt Service	\$ 2,181,065	\$ 2,073,140
SRF principal and interest paid in current year	\$ 953,410	\$ 1,030,358
DEBT SERVICE COVERAGE RATIO	2.29x	2.01x
Bond covenants require the District to maintain a minimum debt service coverage ratio of 110% (1.10x). The District is in compliance with all bond requirements for the years ended December 31, 2025 and 2024.		
DEBT SERVICE DETAIL		
Interest expense per amortization schedule	179,110	193,158
Principal payments per amortization schedule	774,300	837,200
Total Debt Service	\$ 953,410	\$ 1,030,358
Debt service as a % of net revenues	44%	50%