

BUENA VISTA SANITATION DISTRICT
Chaffee County, Colorado

FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

DECEMBER 31, 2025

BUENA VISTA SANITATION DISTRICT

**ROSTER OF DISTRICT OFFICIALS
DECEMBER 31, 2025**

BOARD OF DIRECTORS

Justin Cunningham.....Chairman
Judy NybergVice-Chairman
Brian McGillTreasurer
Alan SmithDirector
Scott PelinoDirector

ADMINISTRATIVE STAFF

Patti Andreas
District Manager

Tara Espinoza
Office Administrator

BUENA VISTA SANITATION DISTRICT

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE OF CONTENTS

INTRODUCTION	Page
District Officials	ii
FINANCIAL SECTION	
Report of Independent Auditor	1-3
Basic Financial Statements	
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Net Position	5
Statement of Cash Flows	6-7
Notes to the Financial Statements	8-17
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances (Budgetary Basis)	19-20

SCOTT C. WRIGHT
CERTIFIED PUBLIC ACCOUNTANT

9591 Mint Lane
Salida, CO 81201
(970) 471-9091
scottwright.cpa@icloud.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Buena Vista Sanitation District
Colorado Springs, Colorado

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the business-type activities of Buena Vista Sanitation District as of and for the year ended December 31, 2025, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Buena Vista Sanitation District as of December 31, 2025, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of my report. I am required to be independent of Buena Vista Sanitation District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards will always detect a material misstatement when it exists.

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

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 my 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.

I am 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 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. My opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary budget comparison identified in the table of contents is presented to supplement the basic financial statements and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary and other information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Scott Wright

Salida, Colorado
April 13, 2026

BUENA VISTA SANITATION DISTRICT

STATEMENTS OF NET POSITION DECEMBER 31, 2025

	2025	2024
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 17,055,159	\$ 15,232,837
Receivables:		
- Accounts Receivable	141,863	189,979
- Taxes Receivable	245,622	199,022
Prepaid Expenses	-	6,173
Total Current Assets	17,442,644	15,628,011
Noncurrent Assets:		
Capital Assets:		
- Land	28,256	28,256
- Construction-in-Progress	108,981	-
- Buildings	1,813,100	1,813,100
- Sewage Treatment Facilities	5,721,130	5,685,142
- Biosolid Treatment Beds	151,449	151,449
- Sewer Collection and Transmission System	1,032,697	1,032,697
- Machinery and Equipment	1,277,733	1,277,733
	10,133,346	9,988,377
Less: Accumulated Depreciation	(5,971,336)	(5,767,567)
Net Capital Assets	4,162,010	4,220,810
Total Assets	\$ 21,604,654	\$ 19,848,821
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 41,237	\$ 71,094
Accrued Liabilities	75,068	62,499
Total Current Liabilities	116,305	133,593
Total Liabilities	116,305	133,593
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes	244,285	197,778
<u>NET POSITION</u>		
Net Investment in Capital Assets	4,162,010	4,220,810
Restricted for TABOR Emergency Reserve	26,408	25,538
Unrestricted	17,055,646	15,271,102
Total Net Position	\$ 21,244,064	\$ 19,517,450

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

BUENA VISTA SANITATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Charges for Services:		
- Sewer Service Revenues - Residential and Commercial Customers	\$ 1,480,179	\$ 1,412,125
- Sewer Service Revenues - Dept. of Corrections	542,708	599,542
- Septage Receiving	85,869	90,345
Other Operating Revenue	<u>4,686</u>	<u>5,037</u>
Total Operating Revenues	<u>2,113,442</u>	<u>2,107,049</u>
Operating Expenses		
Collection and Treatment Costs	214,788	228,445
Personnel Costs	562,722	532,756
General and Administrative Costs	426,650	470,145
Depreciation	<u>203,769</u>	<u>221,530</u>
Total Operating Expenses	<u>1,407,929</u>	<u>1,452,876</u>
Operating Income	<u>705,513</u>	<u>654,173</u>
Noncapital Subsidies		
General Property Taxes	196,579	191,430
Specific Opwnership Taxes	<u>18,824</u>	<u>18,840</u>
Total Noncapital Subsidies	<u>215,403</u>	<u>210,270</u>
Operating Income and Noncapital Subsidies	<u>920,916</u>	<u>864,443</u>
Nonoperating Revenues (Expenses)		
Tap Fees	148,843	466,103
Interest Earnings	664,871	640,994
County Treasurer Fees	<u>(8,016)</u>	<u>(5,409)</u>
Total Nonoperating Revenues (Expenses)	<u>805,698</u>	<u>1,101,688</u>
Change in Net Position	1,726,614	1,966,131
Total Net Position, Beginning of Year	<u>19,517,450</u>	<u>17,551,319</u>
Total Net Position, End of Year	<u><u>\$ 21,244,064</u></u>	<u><u>\$ 19,517,450</u></u>

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

BUENA VISTA SANITATION DISTRICT

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Cash Received From Customers	\$ 2,156,872	\$ 2,015,929
Cash Payments to Suppliers for Goods and Services	(665,122)	(639,180)
Cash Payments to Employees for Services	(550,153)	(532,756)
Other Operating Revenues	4,686	5,037
	<u>946,283</u>	<u>849,030</u>
Net Cash Provided by Operating Activities		
	<u>946,283</u>	<u>849,030</u>
Cash Flows From Noncapital Financing Activities		
Cash Received From Property Taxes	196,579	190,186
Cash Received From Specific Ownership Taxes	18,731	18,840
Cash Received From Tap Fees	148,843	466,103
County Treasurer's Fees Paid	(8,016)	(5,409)
	<u>356,137</u>	<u>669,720</u>
Net Cash Provided by Noncapital Financing Activities		
	<u>356,137</u>	<u>669,720</u>
Cash Flows From Capital Financing Activities		
Acquisition and Construction of Capital Assets	(144,969)	(75,000)
	<u>(144,969)</u>	<u>(75,000)</u>
Net Cash Used in Capital Financing Activities		
	<u>(144,969)</u>	<u>(75,000)</u>
Cash Flows From Investing Activities		
Earnings on Investments	664,871	640,994
	<u>664,871</u>	<u>640,994</u>
Net Cash Provided by Investing Activities		
	<u>664,871</u>	<u>640,994</u>
Net Increase in Cash and Cash Equivalents	1,822,322	2,084,744
Cash and Cash Equivalents, Beginning of Year	<u>15,232,837</u>	<u>13,148,093</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 17,055,159</u></u>	<u><u>\$ 15,232,837</u></u>

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

BUENA VISTA SANITATION DISTRICT

STATEMENTS OF CASH FLOWS - Continued FOR THE YEARS ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ 705,513</u>	<u>\$ 654,173</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	203,769	221,530
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	48,116	(86,083)
Decrease In Prepaid Expenses	6,173	30,975
Increase (Decrease) in Accounts Payable	(29,857)	10,464
Increase in Accrued Liabilities	<u>12,569</u>	<u>17,971</u>
Total Adjustments	<u>240,770</u>	<u>194,857</u>
Net Cash Provided by Operating Activities	<u><u>\$ 946,283</u></u>	<u><u>\$ 849,030</u></u>

BUENA VISTA SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

The financial statements of the Buena Vista Sanitation District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the District's financial statements.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Primary Government. The Buena Vista Sanitation District (District) was organized on March 17, 1953, to provide for the construction, installation, and operation of a complete sanitary sewer system for the inhabitants of the District including a sewage disposal or treatment plant. The boundaries of the District were originally identical to those of the Town of Buena Vista, Colorado (Town). Over the years the boundaries have changed due to inclusions of properties into the District which have not been annexed into the Town. The District is governed by a board consisting of five elected public officials and has authority to impose service fees and charges, levy property taxes, and to adopt rules and regulations governing the use of the District's system.

The accompanying financial statements present the District, which is considered a primary government under GAAP. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The determination of component units is based on financial accountability, including the appointment of a voting majority of an organization's governing board and (1) the ability of the District to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. Based on the foregoing criteria, the District is not financially accountable for any other organization, nor is the District a component unit of any other governmental entity. Accordingly, the District's financial statements do not include any component units.

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

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of the fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues, and expenses.

Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

BUENA VISTA SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

The transactions of the District are accounted for on a flow of economic resources measurement focus. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets and redemption of debt obligations are recorded as a reduction in liabilities. All assets and all liabilities associated with the operations are included on the statements of net position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) are segregated into net investment in capital assets, restricted for emergency reserves; and unrestricted components.

The accompanying financial statements present comparative information for the years ended December 31, 2025, and 2024. The 2024 financial statements are presented for comparative purposes only and were summarized from the District's audited financial statements for that year. Full disclosures are included for 2025 only. The summarized prior-year information does not include all disclosures required by accounting principles generally accepted in the United States of America.

C. Budgets

The District's budget is prepared on a modified accrual basis. All annual appropriations lapse at calendar year-end. Governmental accounting standards require a comparison of the budget to expenditures with an accompanying explanation of the difference between the GAAP basis financial statements and the budget.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools. Colorado State Statutes authorize the District to invest its excess funds in direct U.S. Government treasury and agency securities, bonds and other obligations of states and political subdivisions, corporate bonds, and local government investment pools. Investments are stated at fair value.

E. Capital Assets

The District's capital assets are recorded at cost if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of the donation. The District's capital assets consist of land, buildings, sewage treatment facilities, biosolid treatment beds, a sewer collection and transmission system, and machinery and equipment. The District has a capitalization policy of \$5,000. The District's Board of Directors has the option to capitalize certain items less than \$5,000 in certain circumstances. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets.

BUENA VISTA SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2025

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred. Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	40 Years
Sewage Treatment Facilities	10-50 Years
Biosolid Treatment Beds	34 Years
Sewer Collection and Transmission System	34-50 Years
Machinery and Equipment	3-10 Years

F. 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The District does not have any items that qualify.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category *unavailable revenue – property taxes*. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

G. Property Taxes

The District’s Board of Directors levies property taxes. The levy is based on assessed valuations determined by the Chaffee County Assessor, generally as of January 1 of each year. The levy is normally set by December 15, by certification to the County Commissioners to place the tax lien on the individual properties as of January 1, of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. Taxes are payable by April 30, or if at the taxpayer’s election paid in equal installments, by February 28 and June 15, respectively.

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are collected.

H. Compensated Absences

The District provides vacation, sick leave, and compensatory time to its employees, in accordance with employment policies. Under GASB Statement No. 101, liabilities for compensated absences are

BUENA VISTA SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

recognized when the leave is attributable to services already rendered, and it is probable that the employee will be compensated through cash payments when the leave is taken or upon termination of employment.

The liability is measured using the employee's pay rate in effect as of the financial reporting date. The District applies a probability factor based on historical usage patterns and termination rates to estimate the amount expected to be paid. As of December 31, 2025, the total liability for compensated absences was \$75,195.

I. Use of Estimates

The preparation of financial statements in conformity with GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates. District management has estimated the useful lives of the District's capital assets as reflected in the Statement of Net Position.

J. Net Position

Net position represents the residual of all other elements presented in the statement of net position which equals assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, including accounts, contract, and retainage payables. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Note 2. Legal Compliance - Budgets

No later than October 15, the District budget officer must submit a proposed budget to the Board of Directors for the upcoming calendar year. The budget presents a complete financial plan by fund and by spending agency. The budget must be described with explanatory schedules or statements classifying expenditures by object and revenues by source. Estimated beginning and ending fund balances must be shown along with three years of comparable data: the prior year's actuals, current year estimates, and appropriations and estimated revenues for the next calendar year. The District must adopt the budget before certifying its mill levy to the county by the statutory deadline of December 15. The Board of Directors must also enact a resolution to appropriate funds for the ensuing year.

BUENA VISTA SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2025

The Board of Directors is authorized to transfer budgeted amounts between line items. Expenditures may not legally exceed budgeted appropriations at the fund level. The Board of Directors must approve any amendments that increase total expenditures in a supplemental appropriation. There were no supplemental budget amendments in 2025.

Note 3. Deposits and Investments

Deposits and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	<u>\$ 17,055,159</u>
Total	<u>\$ 17,055,159</u>

Cash and investments as of December 31, 2025, consist of the following:

Petty Cash	\$ 100
Deposits with Financial Institutions	575,779
Local Government Investment Pools	<u>16,479,280</u>
Total	<u>\$ 17,055,159</u>

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with the District being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA. The carrying amount of the District's demand deposits was \$575,779 at year end.

Local Government Investment Pools

The Colorado Local Government Liquid Asset Trust (COLOTRUST or the Trust) was organized in 1985 in accordance with the Investment Funds - Local Government Pooling Act, (Part 7, Article

BUENA VISTA SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

75, Title 24, C.R.S.) to allow Colorado governmental entities to pool their funds to take advantage of short-term investments and maximize net interest earnings. The Trust is a professionally managed local government investment pool trust fund available only to governmental entities in Colorado. The Trust operates under the custodianship and oversight of a Board of Trustees comprised of participating local government officials and is not registered with the Securities and Exchange Commission (SEC). However, COLOTRUST operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. COLOTRUST is registered with the Securities Commissioner of the State of Colorado in accordance with the Local Government Investment Pool Trust Fund Administration and Enforcement Act (Part 9, Article 51, Title 11, C.R.S.).

The District participates in the Colorado Local Government Liquid Asset Trust's Colotrust Plus+ and Colotrust Edge funds. The funds may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities as well as in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. The Plus+ fund is a stable \$1.00 net asset value (NAV) fund that offers daily liquidity. The Edge fund is an enhanced cash, variable rate NAV fund that is managed to approximate a \$10.00 per share and offers next-day liquidity.

Investments

Credit Risk. Colorado State Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. These investments include local government investment pools and certain obligations of the United States government. State law limits investments in commercial paper, corporate bonds, and money market mutual funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices.

Presented below is the minimum rating, as required by Colorado State Statutes, for investments held by the District as of December 31, 2025.

Ratings <u>S&P</u>	Local Government <u>Investment Pools</u>
AAAm	<u>\$ 16,479,280</u>

Concentration of Credit Risk. The District places no limit on the amount it may invest in any one issuer. The District invests in one local government investment pool – Colotrust. The investment is not categorized because the investment is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

BUENA VISTA SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2025

Fair Value of Investments. The District 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.

At December 31, 2025, the District had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Colostrust Edge	\$ 4,313,154	\$ 4,313,154	\$ -	\$ -
Total	\$ 4,313,154	\$ 4,313,154	\$ -	\$ -
<u>Investments Measured at Net Asset Value</u>	<u>Total</u>			
Colostrust Plus	\$12,166,125			
Total	\$12,166,125			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. At December 31, 2025, District had \$332 in unrealized gains reflective of changes in the fair market value of investments.

Note 4. Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for significant insurable risks. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

BUENA VISTA SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

Note 5. Capital Assets

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

	Balance January 1, <u>2025</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2025</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 28,256	\$ -	\$ -	\$ 28,256
Construction in Progress	<u>-</u>	<u>108,981</u>	<u>-</u>	<u>108,981</u>
Total Capital Assets, Not Being Depreciated	<u>28,256</u>	<u>108,981</u>	<u>-</u>	<u>137,237</u>
Capital Assets, Being Depreciated:				
Buildings	1,813,100	-	-	1,813,100
Sewage Treatment Facilities	5,685,142	35,988	-	5,721,130
Biosolid Treatment Beds	151,449	-	-	151,449
Sewer Collection and Transmission System	1,032,697	-	-	1,032,697
Machinery and Equipment	<u>1,277,733</u>	<u>-</u>	<u>-</u>	<u>1,277,733</u>
Total Capital Assets, Being Depreciated	<u>9,960,121</u>	<u>35,988</u>	<u>-</u>	<u>9,996,109</u>
Less: Accumulated Depreciation:				
Buildings	(795,247)	(45,328)	-	(840,575)
Sewage Treatment Facilities	(2,800,921)	(112,574)	-	(2,913,495)
Biosolid Treatment Beds	(91,315)	(4,454)	-	(95,769)
Sewer Collection and Transmission System	(940,926)	(15,642)	-	(956,568)
Machinery and Equipment	<u>(1,139,158)</u>	<u>(25,771)</u>	<u>-</u>	<u>(1,164,929)</u>
Total Accumulated Depreciation	<u>(5,767,567)</u>	<u>(203,769)</u>	<u>-</u>	<u>(5,971,336)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,192,554</u>	<u>(167,780)</u>	<u>-</u>	<u>4,024,774</u>
Total Capital Assets, Net	<u>\$ 4,220,810</u>	<u>\$ (58,800)</u>	<u>\$ -</u>	<u>\$ 4,162,010</u>

Depreciation expense was \$203,769 for the year ended December 31, 2025.

Note 6. Commitments, Contingencies and Agreements

Tax, Spending and Debt Limitations. Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. TABOR also generally requires voter approval prior to imposing new taxes, increasing taxes, or spending above the limits prescribed above, increasing a mill levy, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. Multiple-fiscal year debt requires voter approval except for bond refinancing at lower interest rates or adding employees to existing pension plans.

BUENA VISTA SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER 31, 2025

On May 7, 1996, an election was held in which the voters in the District approved the authorization of the District to retain and spend all tap fee revenues collected in excess of the spending limits established by TABOR. This authorization was granted for a period of 40 years.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion. The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is extremely complex and subject to interpretation. The ultimate impact and implementation of TABOR may depend upon litigation and legislative guidance. The tax and spending limitations contained in TABOR may impact future financial activity.

TABOR requires that an emergency reserve be established based on the District's level of fiscal year spending. The amount that is required to be reserved for emergencies for 2025 is 3% of 2025 fiscal year spending. Emergency reserves in the amount of \$26.408 have been established for the year ended December 31, 2025.

Colorado Department of Corrections. On June 1, 1997, the District entered into an intergovernmental agreement with the Colorado Department of Corrections (CDOC) in which the parties agreed to a cost-sharing arrangement for the planning, design, and construction of a Regional Wastewater Treatment Facility. Under the agreement, CDOC leases to the District the land used for the new facility and paid 29.9% of the total cost related to planning, designing, and constructing the new facility. The District owns the new facility and is responsible for its operations.

On June 22, 2001, the District entered into a service contract with CDOC. The service contract, subsequently November 3, 2016, sets forth the user rates for the services, including a monthly minimum charge. On October 17, 2017, as allowed in the agreement, the District's Board of Directors approved a resolution increasing the wastewater user charges under the agreement.

Johnson Village. On February 12, 2002, the District entered into an intergovernmental agreement with Chaffee County, whereby the County agreed to design, construct, and install wastewater collection lines in the Johnson Village area of unincorporated Chaffee County consisting primarily of residential and commercial uses on lots that do not meet minimum size requirements for individual sewage disposal systems. The District agreed to operate and maintain the Johnson Village wastewater collection system and to repair and replace all necessary wastewater collection, transmission and treatment facilities necessary to properly manage, treat, and dispose of wastewater contributed by customers within the Johnson Village area.

Users are responsible for the payment of monthly service fees charged by the District in accordance with District rules and regulations. Once the debt incurred by the County on behalf of Johnson Village is paid, the District shall have the right to charge users within the Johnson Village area "out-of-district" rates equal to one-and one-half times charged to users within the District. The

BUENA VISTA SANITATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

County will transfer title to all Johnson Village wastewater collection system components to the District upon the repayment of all debt incurred by the County.

SUPPLEMENTARY INFORMATION

BUENA VISTA SANITATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Original and Final	Actual Amounts	Variance Positive (Negative)
Revenues			
<i>Taxes:</i>			
General Property Taxes	\$ 180,000	\$ 196,579	\$ 16,579
Specific Ownership Taxes	30,000	18,824	(11,176)
<i>Charges for Service:</i>			
Sewer Service Revenues - Residential and Commercial Customers	1,265,000	1,480,179	215,179
Sewer Service Revenues - Dept. of Corrections	550,000	542,708	(7,292)
Septage Receiving	80,000	85,869	5,869
Tap Fees	190,000	148,843	(41,157)
Interest Earnings	185,000	664,871	479,871
<i>Other Revenue:</i>			
Food Truck Permits	500	1,400	900
Inspection Fees	1,500	-	(1,500)
Miscellaneous	-	3,286	3,286
Total Revenues	2,482,000	3,142,559	660,559
Expenditures			
<i>General and Administrative Costs:</i>			
Accounting / Billing	18,000	9,489	8,511
Audit	18,000	9,750	8,250
Bank Service Charges	-	12	(12)
Computer	5,000	4,738	262
Customer Relations	5,000	156	4,844
Directors Fees	8,000	6,100	1,900
Dues / Subscriptions / Memberships	13,000	2,083	10,917
Election	5,000	953	4,047
Engineering	75,000	(521)	75,521
Insurance	44,000	39,932	4,068
Legal	30,000	8,198	21,802
Meals	1,000	955	45
Meetings	1,000	1,241	(241)
Miscellaneous	-	39,283	(39,283)
Office Repair and Maintenance	1,000	407	593
Office Supplies	3,000	1,471	1,529
Operating Permits	12,000	8,139	3,861
Payroll (Wages, Taxes, Benefits)	567,000	562,722	4,278
Pest Control	1,250	1,523	(273)
Postage	5,500	5,263	237
Publication / Recordings	500	55	445
Training	5,500	2,798	2,702
Travel	750	-	750
Treasurer's Fees	7,500	8,016	(516)

BUENA VISTA SANITATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) - Continued FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Original and Final	Actual Amounts	Variance Positive (Negative)
<i>Collection and Treatment Costs:</i>			
Bulk Water	900	-	900
Contract Services	800,000	219,459	580,541
Diesel	4,100	2,177	1,923
Laboratory	35,000	25,539	9,461
Repairs and Maintenance	45,000	72,813	(27,813)
Septic Pumping	-	550	(550)
Supplies	25,000	22,902	2,098
Utility Locates	1,500	949	551
Vehicle Expense	20,000	7,552	12,448
Equipment Rental	-	480	(480)
Inspections	-	5,817	(5,817)
<i>Reserve Expenditures:</i>			
Capital Reserve	750,000	-	750,000
Operating Reserve	750,000	-	750,000
Emergency Reserve	60,000	-	60,000
Contingency	13,848,200	-	13,848,200
Total Expenditures	17,482,000	1,357,145	16,124,855
Net Change in Fund Balances	\$ (15,000,000)	\$ 1,785,414	\$ 16,785,414
Fund Balances, Beginning of Year	15,000,000	15,296,640	296,640
Fund Balances, End of Year	\$ -	\$ 17,082,054	\$ 17,082,054

RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS) TO CHANGE IN NET POSITION (GAAP BASIS)

Net Change in Fund Balances (Budgetary Basis)	\$ 1,785,414
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	144,969
Depreciation	(203,769)
Total Adjustments	(58,800)
Change in Net Position (GAAP Basis)	\$ 1,726,614