EAST JEFFERSON COUNTY SANITATION DISTRICT

Financial Statements

With

Independent Auditor's Report

December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Jefferson County Sanitation District

Opinions
We have audited the accompanying financial statements of East Jefferson County Sanitation 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 East Jefferson County Sanitation 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 respective financial position of East Jefferson County Sanitation District as of December 31, 2025 and 2024, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of East Jefferson County Sanitation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of 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 East Jefferson County Sanitation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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, including omissions, 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, 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 of 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 East Jefferson County Sanitation 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 East Jefferson County Sanitation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 opinions on the financial statements that collectively comprise East Jefferson County Sanitation District's basic financial statements. The budgetary comparison schedule – Non-GAAP basis and the Schedule of Expenses by Function, as listed in the table of contents, are presented for purposes of additional analysis and are 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 our opinion, the Budgetary Comparison Schedule – Non-GAAP Basis and the Schedule of Expenses by Function are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fort Collins, Colorado
September 16, 2026

Management's Discussion and Analysis

EAST JEFFERSON COUNTY SANITATION DISTRICT
7100 W. 44th Ave., #104
Wheat Ridge, CO 80033

Management's Discussion and Analysis

Introduction

The East Jefferson County Sanitation District's management discussion and analysis is intended to provide the reader and user of our financial statements, with (a) an understanding of the financial issues of the District; (b) an overview of the District's financial activities; (c) an explanation of the changes in the District's financial position; (d) an explanatory analysis of the variations of the annual, approved budget; and, (e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on the 2025 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 7.

Overview of the Financial Statements of the District

The audited financial statements of the District are:

Statement of Net position
Statement of Revenues, Expenses, and Changes in Net position
Statement of Cash Flows
Notes to Financial Statements

These statements are on pages 7 through 17. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 18 and schedule of expenses by function on page 19 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (net position). Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

The **Statement of Revenue, Expenses, and Changes in Net position** provides information about the components – Operating Revenue, Operating Expenses, Non-Operating Revenue and Expenses, and Capital Contributions – of the District's annual operating activities and how those activities affected Net position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating, financing, and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, there will be a comparison of the originally approved budget with the final amended budget.

Condensed Comparative Financial Information
Statements of Net Position

	2025	2024	2023
Current Assets			
Cash and cash equivalents	$ 3,889,404	$ 3,703,613	$ 3,185,012
Other current assets	542,100	490,415	420,663
Total Current Assets	4,431,504	4,194,028	3,605,675
Non Current Assets			
Capital assets - net	2,155,655	1,897,922	1,792,779
Total Assets	6,587,159	6,091,950	5,398,454
Current Liabilities	151,392	281,044	168,967
Total Liabilities	151,392	281,044	168,967
Deferred Inflow of Resources	58,606	56,893	56,383
Net Position			
Net investment in capital assets	2,155,655	1,897,922	1,792,779
Restricted	1,832	1,868	1,671
Unrestricted	4,219,674	3,854,223	3,378,654
Total Net Position	$ 6,377,161	$ 5,754,013	$ 5,173,104

Statements of Revenue, Expenses, and Change in Net Position

	2025	2024	2023
Operating Revenues	$ 1,470,360	$ 1,265,963	$ 1,189,921
Operating Expenses	1,269,270	1,034,435	1,024,411
Operating Income	201,090	231,528	165,510
Non Operating Revenues (Expenses)	422,058	349,381	257,569
Change in Net Position	623,148	580,909	423,079
Net Position, beginning of year	5,754,013	5,173,104	4,750,025
Net Position, end of year	$ 6,377,161	$ 5,754,013	$ 5,173,104

Statements of Cash Flows

	2025	2024	2023
Cash from (for) Operating Activities	$ 81,944	$ 331,034	$ 398,833
Cash from Non Capital Financing Activities	271,579	177,171	116,191
Cash from (for) Capital Financing Activities	(318,211)	(161,814)	(61,761)
Cash from (for) Investing Activities	150,479	172,210	141,378
Increase (Decrease)	185,791	518,601	594,641
Cash, beginning of year	3,703,613	3,185,012	2,590,371
Cash, end of year	$3,889,404	$3,703,613	$3,185,012

The foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

Analysis of Financial Position and Operating Results

Net position increased from $5,754,013 in 2024 to $6,377,161 in 2025, a difference of $623,148 due to revenues exceeding expenses by that amount. For 2025 the District has a net asset reserve for emergencies established by the Board of Directors in the amount of $1,832.

Net capital assets increased $257,733 in 2025 to $2,155,655. The District's Liabilities at December 31, 2025 decreased by $129,652 from those at December 31, 2024. The change related primarily to the timing of payments.

The District's 2025 operating revenues increased $204,397 compared to 2024. The increase in revenue is mainly a result of increased treatment revenues and connection fees paid to other districts.

The District's operating expenses increased by $234,835 in 2025. The increase in operating expenses was due to higher treatment costs and connection fees paid to Metro Wastewater Recovery.

Cash Flows

Cash and cash equivalents increased by $185,791 in 2025. For more information about these changes in net position, the operating activities, and cash flows see the accompanying audited financial statements beginning on page 7.

Budgetary Discussion

Actual revenues were $309,334 less than the 2025 budget, primarily due to lower than anticipated connection fees and treatment revenues. Actual expenditures were $2,573,884 less than budgeted expenditures primarily due to contingency expenses not being required and lower connection fees, and capital expenditures.

Capital Asset and Long-Term Debt Discussion
The District depreciates its infrastructure assets. See Note 1 of Notes to Financial Statements – *Summary of Significant Accounting Policies – Capital Assets* on page 12 and Note 4 of Notes to Financial Statements – Capital Assets on page 15. The District did not dispose of any capital assets during the year.

The District has no long-term debt.

Other
There are no currently known facts, decisions, or conditions, which are expected to, or may likely, have a significant effect on the financial condition and results of operation in subsequent reporting periods.

Requests for Information
The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the District at 3705 Kipling St. # 101, Wheat Ridge, CO 80033.

Basic Financial Statements

East Jefferson County Sanitation District
Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 3,889,404	$ 3,703,613
Prepaid expenses	11,021	8,211
Accounts receivable	472,473	385,608
Due from Metro Wastewater	-	39,703
Property taxes receivable	58,606	56,893
Total Current Assets	4,431,504	4,194,028
Noncurrent Assets		
Capital Assets		
Nondepreciable		
Construction in progress	217,782	164,535
Depreciable		
Sewer lines, extensions and inclusions	2,821,013	2,556,049
Office equipment	27,822	27,822
Total Capital Assets	3,066,617	2,748,406
Less: Accumulated depreciation	(910,962)	(850,484)
Net Capital Assets	2,155,655	1,897,922
Total Noncurrent Assets	2,155,655	1,897,922
Total Assets	6,587,159	6,091,950
Liabilities		
Current Liabilities		
Accounts payable	117,000	239,637
Accrued expenses	34,392	41,407
Total Current Liabilities	151,392	281,044
Deferred Inflows of Resources		
Deferred property taxes	58,606	56,893
Total Deferred Inflows of Resources	58,606	56,893
Net Position		
Net Investment in capital assets	2,155,655	1,897,922
Restricted for emergencies	1,832	1,868
Unrestricted	4,219,674	3,854,223
Total Net Position	$ 6,377,161	$ 5,754,013

The accompanying notes are an integral part of these financial statements

East Jefferson County Sanitation District
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Sewage treatment revenue	$ 1,249,629	$ 1,144,414
Grease trap fees	1,900	1,900
Metro connection fees	211,578	115,920
Inspection fees	4,126	1,099
Other Income	3,127	2,630
Total Operating Revenues	1,470,360	1,265,963
Operating Expenses		
Sewage treatment	652,252	577,789
Collection and transmission	402,296	239,582
General and administration	154,244	160,393
Depreciation	60,478	56,671
Total Operating Expenses	1,269,270	1,034,435
Operating Income	201,090	231,528
Nonoperating Revenues (Expenses)		
Property taxes	57,061	58,488
Specific ownership taxes	4,016	3,794
Investment income	150,479	172,210
Connection fees	211,578	115,920
County treasurer fees	(1,076)	(1,031)
Total Nonoperating Revenues (Expenses)	422,058	349,381
Change in Net Position	623,148	580,909
Net Position, beginning of year	5,754,013	5,173,104
Net Position, end of year	$ 6,377,161	$ 5,754,013

The accompanying notes are an integral part of these financial statements

East Jefferson County Sanitation District
Statements of Cash Flows
For the Year Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Cash received from customers	$ 1,423,198	$ 1,194,666
Cash paid to suppliers	(1,341,254)	(863,632)
Net cash provided (used) by operating activities	81,944	331,034
Cash Flows From Non-Capital Financing Activities		
Property and ownership taxes received	61,077	62,282
Fee paid to county treasurer	(1,076)	(1,031)
Cash received from connection charges	211,578	115,920
Net cash provided (used) by non-capital financing activities	271,579	177,171
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(318,211)	(161,814)
Net cash provided (used) in capital and related financing activities	(318,211)	(161,814)
Cash Flows From Investing Activities		
Investment income received	150,479	172,210
Net cash provided (used) by investing activities	150,479	172,210
Net increase (decrease) in cash and cash equivalents	185,791	518,601
Cash and cash equivalents, beginning of year	3,703,613	3,185,012
Cash and cash equivalents, end of year	$ 3,889,404	$ 3,703,613
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income	$ 201,090	$ 231,528
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation and amortization	60,478	56,671
Changes in assets and liabilities		
Prepaid expenses	(2,810)	2,055
Accounts receivable	(86,865)	(31,594)
Due to / from Metro Wastewater	39,703	(112,594)
Accounts payable	(122,637)	195,968
Other accrued liabilities	(7,015)	(11,000)
Net Cash Provided (Used) by Operating Activities	$ 81,944	$ 331,034

The accompanying notes are an integral part of these financial statements

East Jefferson County Sanitation District
Notes to Financial Statements
December 31, 2025 and 2024

Note 1 Summary of Significant Accounting Policies

East Jefferson County Sanitation District (the District) is a quasi-municipal corporation, pursuant to the provisions of the Colorado Special District Act. The District was established to provide sanitation services to its service area located in Jefferson County, Colorado. The District operates under a Board of Directors form of government. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The significant accounting policies utilized are provided below:

Financial Reporting Entity

The District follows all pronouncements issued by the Governmental Accounting Standards Board (GASB), which provides guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Basis of Presentation

Enterprise fund accounting is utilized by the District in accordance with accounting principles generally accepted in the United States of America.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and service. Operating expenses include the cost of providing sanitation services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments a*s amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* These statements establish standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Budgets and Budgetary Accounting

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the District manager submits the proposed budget to the District Board of Directors.
- Prior to its adoption, the budget is open for inspection by the public.
- After public inspection and consideration of any objections filed, the Board reviews the proposed budget and formally adopts it by resolution.
- At the time of the adoption of the budget, the Board passes an appropriating ordinance giving the District legal authority to spend.
- Prior to December 15, the Board adopts the mill levy.

Budgets are not prepared in accordance with accounting principles generally accepted in the United States of America because they include capital asset expenditures, but do not include depreciation or accruals.

Budgets may be amended during the year by approval of the Board of Directors. Any amendments to the budget are incorporated into the budget in these financial statements. Appropriations lapse at the end of the budget year. The budget was not amended in 2025.

Property Taxes

Property taxes attach an enforceable lien on property as of January 1st. Taxes are levied on January 1st and are payable either in one installment on or before April 30th, or in two installments due on or before February 28th and June 15th of each year. The collections and assessments are done by Jefferson County and are remitted to the District monthly. Property taxes, which are due to be paid in the next period, and representing an enforceable lien at January 1st of the next year, have been recorded as a receivable and a deferred inflow of resources.

Note 1 Summary of Significant Accounting Policies (Continued)

Connection Fees

The District charges a connection fee for new customers connecting to the District's system. Connection fees retained by the District are reported as non-operating revenues. Connection fees paid collected on behalf of other districts are reported as operating revenues and operating expenses.

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets - are recorded at cost except for those assets which have been contributed, which are stated at estimated fair market value at the date of contribution or at developer's cost. The capitalization threshold for fixed assets is $5,000. Depreciation is computed using the straight-line method over the asset's estimated economic useful life. The estimated useful lives are as follows:

Sewer lines	40 years
Machinery and equipment	10 years
Office furniture and equipment	5-10 years
Buildings and improvements	25-30 years

Deferred Outflows / Inflows of Resources

The District has implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). In addition to assets, liabilities and net position, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Net Position

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

Note 1 Summary of Significant Accounting Policies (Continued)

c. Unrestricted net position – all other net position that do not meet the definition of "restricted" or net investment in capital assets." These net positions are available for future operations or distributions.

Cash Equivalents

For purposes of the statement of cash flows, and the financial statements in general, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The District considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2025, and 2024, the District's cash deposits had a carrying balance of $399,211 and $402,264, and a corresponding bank balance of $416,906 and $403,607, of which $250,000 and $250,000 was insured by the Federal Deposit Insurance Corporation, respectively.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The District had $166,906 and $153,607 collateralized under PDPA at December 31, 2025 and 2024, respectively.

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 returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2025, and 2024, none of the District's bank deposits were exposed to custodial credit risk.

Note 2 Cash and Investments (Continued)

Investments

Colorado statutes specify in which investment instruments the units of local government may invest. The District's investment policy conforms to state statute. Below is a list of investments authorized by Colorado statute:

- Obligations of the United States, certain United States government agency securities and the World Bank.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

At December 31, 2025 and 2024, the District had $3,490,086 and $3,301,242, respectively, invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to $1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to $10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Note 2 Cash and Investments (Continued)

A summary of cash and investments at December 31, 2025 and 2024, is as follows:

	2025	2024
Cash on hand	$ 107	$ 107
Cash deposits	399,211	402,264
COLOTRUST	3,490,086	3,301,242
Total cash and cash equivalents	$ 3,889,404	$ 3,703,613

Note 3 Accounts Receivable

Accounts receivable balance at December 31, 2025 and 2024, was comprised of the following:

	2025	2024
Fees for services	$ 472,146	$ 385,399
Cash at the County Treasurer	327	209
Allowance for doubtful accounts	-	-
Total	$ 472,473	$ 385,608

Note 4 Capital Assets

A summary of changes to capital assets for 2025 is as follows:

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Nondepreciable				
Construction in progress	$ 164,535	$ 53,247	$ -	$ 217,782
Total Nondepreciable	164,535	53,247	-	217,782
Depreciable				
Sewer lines, extensions and inclusions	2,556,049	264,964	-	2,821,013
Office equipment	27,822	-	-	27,822
Total Depreciable	2,583,871	264,964	-	2,848,835
TOTAL	2,748,406	318,211	-	3,066,617
Less Accumulated Depreciation				
Sewer lines, extensions and inclusions	(830,408)	(58,875)	-	(889,283)
Office Equipment	(20,076)	(1,603)		(21,679)
Total Accumulated Depreciation	(850,484)	(60,478)	-	(910,962)
Net Capital Assets	$ 1,897,922	$ 257,733	$ -	$ 2,155,655

Note 4 Capital Assets (Continued)

	Balance at 12/31/2023	Additions	Deletions	Balance at 12/31/2024
Nondepreciable				
Construction in progress	$ 61,791	$ 102,744	$ -	$ 164,535
Total Nondepreciable	61,791	102,744	-	164,535
Depreciable				
Sewer lines, extensions and inclusions	2,496,979	59,070	-	2,556,049
Office equipment	27,822	-	-	27,822
Total Depreciable	2,524,801	59,070	-	2,583,871
TOTAL	2,586,592	161,814	-	2,748,406
Less Accumulated Depreciation				
Sewer lines, extensions and inclusions	(775,340)	(55,068)	-	(830,408)
Office Equipment	(18,473)	(1,603)		(20,076)
Total Accumulated Depreciation	(793,813)	(56,671)	-	(850,484)
Net Capital Assets	$ 1,792,779	$ 105,143	$ -	$ 1,897,922

Depreciation charged to expense by function was:

	2025	2024
Administrative and general	$ 1,603	$ 1,603
Collection and transmission	58,875	55,068
Total depreciation expense	$ 60,478	$ 56,671

Note 5 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

The District has created a Water and Wastewater statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution. The District has established an emergency reserve of $1,832 and $1,868 as of December 31, 2025 and 2024, respectively, to comply with Article X, Section 20 of the Colorado Constitution.

Note 6 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

Note 6 Risk Management (Continued)

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded the District's commercial coverage in the last three years.

Note 7 Reclassifications

Certain items have been reclassified from the previous year to conform with the presentation of the current years' financial statements.

Other Supplementary Information

East Jefferson County Sanitation District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Connection fees - East Jeffco	$ 390,060	$ 211,578	$ (178,482)
Connection fees -Metro	390,060	211,578	(178,482)
Inspection fees	9,500	4,126	(5,374)
Sewage treatment revenue	1,247,215	1,249,629	2,414
Grease trap fees	-	1,900	1,900
Property tax	56,893	57,061	168
Ownership tax	4,000	4,016	16
Interest income	100,100	150,479	50,379
Other Income	5,000	3,127	(1,873)
Total Revenues	2,202,828	1,893,494	(309,334)
Expenditures			
Sewage Collection and Transmission			
Contract maintenance of lines	83,000	58,311	24,689
Line Repairs	55,000	70,750	(15,750)
Locates and inspections	56,500	61,657	(5,157)
Sewage Treatment	718,550	652,252	66,298
Sanitary Administration			
Administrative and accounting services	75,000	75,310	(310)
Bank charges	1,500	1,406	94
County treasurer's fees	853	1,076	(223)
Directors' fees	6,000	5,400	600
Election expense	5,000	-	5,000
Engineering	55,000	34,178	20,822
Insurance - general liability	10,500	6,973	3,527
Legal	15,000	11,610	3,390
Membership dues and meetings	1,500	1,238	262
Miscellaneous	2,000	356	1,644
Office supplies and equipment maintenance	6,000	3,301	2,699
Office sharing expenses	11,500	13,278	(1,778)
Payroll taxes	500	413	87
Telephone	1,500	781	719
Connection Fees - Metro	390,060	211,578	178,482
Contingency Expense	100,000	-	100,000
Capital Expenditures	2,507,000	318,211	2,188,789
Total Expenditures	$ 4,101,963	$ 1,528,079	$ 2,573,884
Reconciliation to GAAP Basis			
Net income - Budgetary Basis		365,415	
Add Capital Outlay		318,211	
Less Depreciation		(60,478)	
Net Income - GAAP Basis		$ 623,148	

See the Independent Auditor's Report

East Jefferson County Sanitation District
Schedule of Expenses by Function
For the Year Ended December 31, 2025 and 2024

Collection and Transmission Expense	2025	2024
Contract operations and maintenance	$ 58,311	$ 53,647
Locates and inspections	61,657	41,176
Repairs and maintenance	70,750	28,839
Metro connection fees	211,578	115,920
Subtotal	402,296	239,582
Depreciation	58,875	55,068
Total Collection and Transmission	$ 461,171	$ 294,650
General and Administrative Expense		
Administrative and accounting services	$ 75,310	$ 72,870
Engineering	34,178	46,429
Bank charges	1,406	1,413
Directors' fees	5,400	5,500
Insurance	6,973	9,028
Legal	11,610	8,657
Membership dues and meetings	1,238	1,238
Miscellaneous expense	356	245
Office supplies and equipment maintenance	3,301	3,112
Office sharing expense	13,278	10,311
Taxes - payroll	413	421
Telephone	781	1,169
Subtotal	154,244	160,393
Depreciation	1,603	1,603
Total General and Administration	$ 155,847	$ 161,996

The accompanying notes are an integral part of these financial statements