



# ESTES PARK SANITATION DISTRICT

## FINANCIAL STATEMENTS

Year Ended December 31, 2025



## TABLE OF CONTENTS

---

|                                                                     |    |
|---------------------------------------------------------------------|----|
| Independent Auditors' Report.....                                   | 1  |
| Management Discussion and Analysis .....                            | 4  |
| STATEMENT OF NET POSITION.....                                      | 8  |
| STATEMENT OF REVENUE, EXPENSES, AND<br>CHANGES IN NET POSITION..... | 9  |
| STATEMENT OF CASH FLOWS .....                                       | 10 |
| NOTES TO FINANCIAL STATEMENTS.....                                  | 11 |
| SUPPLEMENTARY INFORMATION .....                                     | 19 |

---



## Independent Auditors' Report

Board of Directors  
Estes Park Sanitation District  
Estes Park, Colorado

### **Opinion**

We have audited the accompanying financial statements of the business-type activities of the Estes Park Sanitation District (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Estes Park Sanitation District as of December 31, 2025, and the respective changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 within one year after the date that the financial statements are issued or available to be issued.

### **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 Supplementary Information**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on pages 20-22 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States require that management discussion and analysis 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, 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 evidence sufficient to express an opinion or provide any assurance.

*Anderson & Whitney, P.C.*

July 10, 2026

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This is an analysis and overview of the financial activities of the Estes Park Sanitation District (EPSD) for the year ended December 31, 2025. This information should be read in conjunction with the financial statements and notes which follow:

### **FINANCIAL HIGHLIGHTS**

- As of December 31, 2025, approximately \$8.65 million was held in net position for the provision of future services to citizens.
- For fiscal year 2025, the total net position increased by \$549,336 from 2024. This was primarily from increased revenue relating to user fees, account maintenance fees and miscellaneous income.
- Total revenues for 2025 totaled approximately \$2.54 million, which is an increase of 3% from 2024.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The following discussion and analysis is intended to serve as an introduction to EPSD's financial statements which follow. The statements include:

1. Statement of Net Position
2. Statement of Revenue, Expenses, and Changes in Net Position
3. Statement of Cash Flows
4. Notes to Financial Statements.

The *statement of revenue, expenses, and changes in net position* presents EPSD revenue and expenses for the year ended December 31, 2025.

The *statement of cash flows* shows the net cash flows from activities for the year ended December 31, 2025.

These statements are in compliance with Governmental Accounting Standards Board (GASB) Statements. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. EPSD's financial statements comply with all material requirements of these pronouncements.

These statements provide a snapshot of EPSD's assets and liabilities as of December 31, 2025 and the activities which occurred during the year. All statements were prepared using the accrual basis of accounting as required by GASB.

*Notes to financial statements* provide additional information which is essential to a full understanding of the basic financial statements.

## FINANCIAL ANALYSIS

As of December 31, EPSD's net position was:

| December 31         | 2025         | 2024         |
|---------------------|--------------|--------------|
| Cash                | \$ 44,631    | \$ 32,359    |
| Investments         | 4,352,471    | 3,932,008    |
| Receivables         | 314,566      | 311,080      |
| Inventories         | 44,991       | 44,991       |
| Capital Assets, net | 6,435,527    | 6,516,873    |
| Total Assets        | 11,192,186   | 10,837,311   |
| Less Liabilities    | 2,536,854    | 2,731,316    |
| Net Position        | \$ 8,655,332 | \$ 8,105,995 |

The following is a comparison of EPSD's results of operations:

| Years Ended December 31 | 2025        | 2024         |
|-------------------------|-------------|--------------|
| Revenues:               |             |              |
| Service charges         | \$2,284,201 | \$ 2,214,842 |
| Other income            | 182,102     | 186,188      |
| Capital contributions   | 69,870      | 57,915       |
| Total Revenues          | 2,536,173   | 2,458,945    |
| Expenses:               |             |              |
| Operating expenses:     |             |              |
| Plant                   | 1,078,334   | 1,004,121    |
| Lines                   | 487,669     | 491,999      |
| Administration          | 420,834     | 474,757      |
| Total Expenses          | 1,986,837   | 1,970,877    |
| Net Income              | \$ 549,336  | \$ 488,068   |

Net position has changed due to the following:

- During 2025, revenues increased approximately 3%, primarily due to rate increases.
- During 2025, expenses increased by approximately 1% due to salary related expenses and market conditions.

## **FINANCIAL HIGHLIGHTS**

In addition to operational and debt related expenses, our annual budget attempts to address short-term and long-term capital needs. Short-term capital needs are primarily addressed through operational revenues each year. Long-term capital requirements require reserves to be set aside on an annual basis. We will continue to set aside reserves to help us minimize our financing needs.

2025 items of note include:

- The District treated 183.90 million gallons of wastewater in 2025, a decrease of 5.25% from 2024. The difference can be explained by a decrease in moisture and less infiltration into our system. The District charts non-billable flow to track infiltration. 2025 non-billable flow has improved slightly to 2.96% vs. 5.29% in 2024. This is a combination of decreased total flow and annual precipitation decreased in 2025 compared to the last two previous years, saturated soils will contribute to infiltration. We have invested significant resources improving our collection system and will continue to do so.
- User fees rates for commercial and residential customers increased 3% in 2025. Inflation, is still having an effect on operating costs.
- System Investment Fee revenues were normal this year. System Investment Fees were just under \$70,000. Remodels of existing homes and businesses were responsible for 70% of the total.
- There are a few big commercial projects that could possibly come to fruition in 2026. Rising interest rates have negatively affected growth in the District.

## **CAPITAL ASSETS AND ADMINISTRATION**

Major capital assets constructed or purchased in 2025 include the following:

- The lines department updated the GIS software and locating equipment.
- Two sewer line improvements were completed. One project eliminated a long-standing problem area for the District known as the “Bureau of Reclamation District” neighborhood.
- The treatment plant’s capital focus for 2025 was purchasing BioWin modeling software. The software will be valuable in designing future biological, chemical and physical plant improvements
- The treatment plant UV system bulbs will be replaced. This is required every 3-4 years.
- Office suite located directly below the current administration office was purchased. This will allow for expansion of administrative office space as needed.

## **FUTURE EVENTS THAT WILL FINANCIALLY IMPACT THE DISTRICT**

We face many challenges, but chief among them will be meeting future effluent requirements, maintaining a quality workforce, updating aging equipment, and environmental climate change. Each one of these challenges will require capital, which means our limited resources will be stressed.

Effluent limits for nutrient removal are the primary concern of every wastewater district, and the solutions are very expensive. Removing phosphorus and total nitrogen from the effluent could require capital improvements greater than \$20 million. These improvements will become a reality in the next 10-15 years and this will require planning, preparation and reserves at a very high level.

Maintaining and replacing our workforce is very important. Worker shortages are common at every level of the economy. The demographics of our population mean this will continue. Compounding the problem, housing costs in the Estes Valley have skyrocketed, making it difficult to recruit new staff. Developing employees that can someday step into leadership roles will be critical. Investing in our employees and their productivity will be an ongoing mission.

Replacing our aging excavator, backhoe, skid steer, dump trucks, and jet truck will need to come to fruition sooner than later. Although the equipment is very well-maintained replacement parts are getting harder to locate.

Climate change remains a chief concern. Fires and flooding threaten to disrupt revenue streams. Increased drought may change historical stream flow levels used to determine permit requirements. Examples of this problem are already occurring in Colorado.

Balancing our needs and resources will require a thorough review of our revenues and sources of revenue. Greater reserve balances will be needed to lessen borrowing or pay off debt.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the District's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Tony Drees, District Manager  
Estes Park Sanitation District  
P.O. Box 722  
Estes Park, CO 80517

The office of the District is located at 1201 Graves Avenue, Estes Park, CO 80517 at (970) 586-2866.

# ESTES PARK SANITATION DISTRICT

## STATEMENT OF NET POSITION

| December 31                                        | 2025          |
|----------------------------------------------------|---------------|
| <u>ASSETS</u>                                      |               |
| Current Assets:                                    |               |
| Cash                                               | \$ 44,631     |
| Investments                                        | 4,352,471     |
| Accounts receivable, user fees                     | 314,566       |
| Inventories                                        | 44,991        |
| Total Current Assets                               | 4,756,659     |
| Utility Plant in Service                           | 6,435,527     |
| TOTAL ASSETS                                       | \$ 11,192,186 |
| <u>LIABILITIES</u>                                 |               |
| Current Liabilities:                               |               |
| Current portion of long term debt                  | \$ 209,645    |
| Accounts payable                                   | 27,033        |
| Accrued payroll                                    | 9,271         |
| Accrued compensated absences - due within one year | 38,337        |
| Total Current Liabilities                          | 284,286       |
| Non-current Liabilities:                           |               |
| Accrued compensated absences - due after one year  | 38,337        |
| Revenue note payable                               | 2,214,231     |
| Total Non-Current Liabilities                      | 2,252,568     |
| TOTAL LIABILITIES                                  | 2,536,854     |
| <u>NET POSITION</u>                                |               |
| Net investment in capital assets                   | 4,011,651     |
| Unrestricted, designated                           | 2,869,441     |
| Unrestricted, undesignated                         | 1,774,240     |
| TOTAL NET POSITION                                 | \$ 8,655,332  |

See Accompanying Notes to Financial Statements.

## **ESTES PARK SANITATION DISTRICT**

### **STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**

| <b>Year Ended December 31</b>          | <b>2025</b>         |
|----------------------------------------|---------------------|
| Revenue:                               |                     |
| User fee income                        | \$ 2,112,438        |
| FOG non-compliance fees                | 24,114              |
| Lift station fees                      | 11,340              |
| Account maintenance fee                | 69,762              |
| Miscellaneous income                   | 66,547              |
| <b>Total Revenue</b>                   | <b>2,284,201</b>    |
| Expenses:                              |                     |
| Treatment                              | 1,078,334           |
| Collection                             | 487,669             |
| Administration                         | 420,834             |
| <b>Total Operating Expenses</b>        | <b>1,986,837</b>    |
| <b>Net Operating Income</b>            | <b>297,364</b>      |
| Other Income:                          |                     |
| Interest income                        | 182,102             |
| System development fees                | 69,870              |
| <b>Total Other Income</b>              | <b>251,972</b>      |
| <b>Increase in net position</b>        | <b>549,336</b>      |
| <b>Net Position, Beginning of Year</b> | <b>8,105,996</b>    |
| <b>Net Position, End of Year</b>       | <b>\$ 8,655,332</b> |

See Accompanying Notes to Financial Statements.

# ESTES PARK SANITATION DISTRICT

## STATEMENT OF CASH FLOWS

| Year Ended December 31                                    | 2025         |
|-----------------------------------------------------------|--------------|
| Cash Flows from Operating Activities:                     |              |
| Cash receipts from customers                              | \$ 2,280,715 |
| Payments to suppliers and employees                       | (1,496,772)  |
| Net Cash Provided by Operating Activities                 | 783,943      |
| Cash Flows from Noncapital Financing Activities:          |              |
| Net cash provided by noncapital financing activities      | -            |
| Net Cash Provided by Noncapital Financing Activities      | -            |
| Cash Flows from Capital and Related Financing Activities: |              |
| Acquisition of property, plant and equipment              | (397,665)    |
| Payments on note payable                                  | (205,515)    |
| System development fees received                          | 69,870       |
| Net Cash Used by Capital and Related Financing Activities | (533,310)    |
| Cash Flows from Investing Activities:                     |              |
| Purchase of investments                                   | (420,463)    |
| Interest and dividends received                           | 182,102      |
| Net Cash Used by Investing Activities                     | (238,361)    |
| Net Increase in Cash and Cash Equivalents                 | 12,272       |
| Cash and Cash Equivalents, Beginning of Year              | 32,359       |
| Cash and Cash Equivalents, End of Year                    | \$ 44,631    |

|                                                            |            |
|------------------------------------------------------------|------------|
| Reconciliation of Operating Income to Net Cash Provided by |            |
| Operating Activities:                                      |            |
| Operating income                                           | \$ 297,364 |
| Depreciation expense                                       | 479,011    |
| Change in operating assets and liabilities:                |            |
| (Increase) decrease in:                                    |            |
| Receivables                                                | (3,486)    |
| Increase (decrease) in:                                    |            |
| Accrued expenses payable                                   | 11,054     |
| Net Cash Provided by Operating Activities                  | \$ 783,943 |

See Accompanying Notes to Financial Statements.

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 – Summary of Significant Accounting Policies:

This summary of the Estes Park Sanitation District's significant accounting policies is to assist the reader with interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

---

#### Form of Organization:

Estes Park Sanitation District is an independent governmental entity organized in April 1940, under the provisions of the Colorado Revised Statutes. The District's Board of Directors is elected by residents of the District and has the responsibilities for designation of management, operational decisions, and budget matters. The District is fully responsible for its financial matters and is not financially interdependent with another governmental unit. Revenues are derived by service charges determined by the Board. The District exists for the benefit of its residents and services of the District are generally available to the residents of the District.

---

#### Scope of Reporting Entity:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) 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.

---

#### Financial Reporting Entity:

All the foregoing criteria indicate that Estes Park Sanitation District is a separate and distinct unit of government even though it operates within the boundaries of Larimer County and the Town of Estes Park, Colorado. There are no component units that should be included in these financial statements.

---

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Basis of Accounting:

The accounting policies of the District conform to generally accepted accounting principles as applicable to enterprise funds. The following is a summary of the significant policies:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made regardless of the measurement focus used.

The Estes Park Sanitation District follows the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Enterprise funds are accounted for on the cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included in the balance sheet. The reported fund equity (total net position) is segregated into amounts investment in capital assets and unrestricted net position components. The operating statement presents increases (revenue) and decreases (expenses) in total net position.

---

#### Budgets and Budgetary Accounting:

Annual budgets are adopted as required by Colorado Statutes. Formal budgetary integration is employed as a management control device during the year. Prior to September the department heads submit their budgets to the budget officer, who is designated as the person responsible for the budget. Prior to October 15<sup>th</sup>, the district manager submits the budgets to the District board. Prior to December 15<sup>th</sup> the District board after reviewing the budgets adopts the budget with a certified copy sent to the Division of Local Government prior to January 30<sup>th</sup> and passes a resolution making the appropriation for the ensuing fiscal year.

The Board approves total budget appropriations only. Budgeted amounts within the fund may be transferred as long as total appropriations are not altered. If the total appropriations must be revised, an official amended budget is approved and a resolution making additional appropriations is passed.

The level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis. Budgets are adopted on the accrual basis and the budgetary comparisons shown in these financial statements under supplementary information are shown on that basis.

---

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Assets, Liabilities and Net Position:

##### Cash:

All cash, savings accounts and money market accounts are stated at cost and are on deposit with various financial institutions that are entirely federally insured with the Federal Deposit Insurance Corporation (FDIC) with no account exceeding the \$250,000 insurance limit.

The Board authorizes the District to invest in certificates of deposit and U.S. Treasury bills at various financial institutions that are FDIC insured or repurchase agreements provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds.

Cash and cash equivalents referred to in the Statement of Cash Flows comprise cash on hand, cash in checking accounts, cash in money market accounts and cash temporarily invested in certificates of deposits with maturity within three months from the financial statement dates.

##### Investments:

The District investments include certificates of deposit with maturities over three months; U.S. Government obligations and investments held in COLOTRUST PRIME. COLOTRUST PRIME is an investment vehicle that pools funds from various Colorado governmental entities for investment purposes. Investments are presented at an estimated fair market value.

##### Inventories:

Inventories are valued at original cost on the first -in first-out (FIFO) method and consist of pipe and laboratory supplies.

##### Investment in Deferred Compensation Plan:

The District offers a deferred compensation plan created in accordance with IRC Sec. 457. The plan is available to all employees who work 35 hours per week after completing one year of employment with the District. The deferred compensation is not available to employees until termination, retirement or death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributed to those amounts, property, or rights are managed and held by a third party for the benefit of the employee. The District paid \$48,815 for this in 2025.

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Assets, Liabilities and Net Position – Continued:

##### Utility Plant in Service:

All fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value at the date donated.

##### Vacation and Sick Leave:

Vacation and sick leave accumulated by an employee are recorded as a liability and current operating expense of the District at the employee's current rate of pay.

Sick leave is earned when vested and recorded as expenditure when paid. In the event of retirement or termination, any employee that has over one year of service with the District and terminates their employment by proper District rules, shall be paid for their accrued sick at a rate between 40% and 80% of their current hourly rate, up to a maximum of 480 hours.

Upon termination or retirement, employees are paid for their accrued vacation. Accrued vacation is recorded as expenditure when paid. Employees earn between 40 and 160 hours annually, depending on their length of employment. The maximum accrual is 960 hours.

In 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes standards for recognizing and measuring liabilities and expenses related to compensated absences, including vacation leave, sick leave, and other paid time off.

---

#### Net Position – Designated:

The District records designated net position to indicate that a portion of the net position is Board designated for a specific future use. The Board has designated specific amounts for plant and equipment replacement or expansion.

---

#### Operating and non-operating Revenues:

Operating revenues are defined as those revenues that represent the ongoing operations of the District as follows: user fees, permit fees, petitions for inclusion/exclusion, dump fees, water testing and miscellaneous income. Non-operating revenues include contributions in aid of construction, system development fees, interest income and proceeds from the sale of assets.

---

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Depreciation:

Depreciation of exhaustible fixed assets used by enterprise funds is charged as an expense against its operation over the assets' estimated useful lives. Accumulated depreciation is reported on the enterprise fund balance sheet. Depreciation has been provided over the estimated useful lives on the straight-line basis. Useful lives by type of asset are as follows:

|             |            |
|-------------|------------|
| Buildings   | 20 years   |
| Plant       | 40 years   |
| Sewer Lines | 60 years   |
| Equipment   | 5-10 years |

---

### NOTE 2 – Cash and Investments:

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 regulators. Amounts on deposit 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 held in trust for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Investments are stated at fair value as required by the Governmental Accounting Standards Board Statement 31.

The PDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, US government securities, mortgages and deeds of trust.

Credit risk – The District's investment policy authorizes the District to invest in bonds or other interest-bearing obligations of the United States of America or its agencies thereof, certificates of deposit and local investment pools.

Interest rate risk – The District's investment policy limits all federal securities to maturities of 5 years or less from the date of purchase.

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 – Cash and Investments – Continued:

Custodial Credit Risk – 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 have a deposit policy that allows investments only in U.S. instrumentalities or deposits insured by federal depository insurance. The District’s bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the District’s custodial banks in the name of the District under provisions of the Colorado Public Deposit Protection Act (PDPA).

At December 31, 2025, the District had invested \$4,352,471 in the Colorado Local Government Liquid Asset Trust (COLOTRUST PRIME), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST PRIME operates similarly to a money market fund and each share is valued at the net asset value (NAV) of \$1.00.

Investments of COLOTRUST PRIME consist of bills, notes, and bonds issued by the U.S. Treasury or a government agency, and repurchase agreements secured by such obligations. COLOTRUST PRIME is rated AAAM by S&P Global Ratings. The District’s interest is valued at NAV. There are no restrictions or redemption notice periods. The dollar weighted average days to maturity (WAM) of COLOTRUST PRIME at December 31, 2025 was 24 days and the weighted average life (WAL) was 80 days.

### NOTE 3 – Utility Plant in Service:

A summary of changes in Utility Plant in Service follows:

|                          | Balance<br>1/1/25 | Additions   | Deletions | Balance<br>12/31/25 |
|--------------------------|-------------------|-------------|-----------|---------------------|
| Land & easements         | \$ 108,430        | \$ --       | \$ --     | \$ 108,430          |
| Buildings & improvements | 115,892           | 159,477     | --        | 275,369             |
| Plant                    | 8,814,229         | --          | --        | 8,814,229           |
| Collection system        | 2,522,762         | 220,888     | --        | 2,743,650           |
| Equipment                | 1,669,659         | 17,300      | --        | 1,686,959           |
|                          | 13,230,972        | 397,665     | --        | 13,628,637          |
| Accumulated depreciation | (6,714,099)       | (479,011)   | --        | (7,193,110)         |
| Net Utility Plant        | \$ 6,516,873      | \$ (81,346) | \$ --     | \$ 6,435,527        |

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 – Long-term Debt:

A summary of changes in debt follows:

|                              | Balance<br>1/1/2025 | Increase  | Reduction  | Balance<br>12/31/2025 |
|------------------------------|---------------------|-----------|------------|-----------------------|
| Revenue Note W14F340         | \$ 1,820,839        | \$ --     | \$ 142,318 | \$ 1,678,521          |
| Revenue Note W15F361         | 808,552             | --        | 63,197     | 745,355               |
| Compensated Absences,<br>net | 65,728              | 10,946    | --         | 76,674                |
|                              | \$ 2,695,119        | \$ 10,946 | \$ 205,515 | \$2,500,550           |

The District has two notes outstanding with the Colorado Water Resources & Power Development Authority. Note W14F340 is dated November 14, 2014 and is due May 1, 2036. The original amount of the note was \$2,872,730 payable at 2% interest with payments of \$89,013 each May 1<sup>st</sup> and November 1<sup>st</sup>. Note W15F361 is dated November 23, 2015 and is due May 1, 2036. The original amount of the note was \$1,273,470 payable at 2% interest with payments of \$39,527 each May 1<sup>st</sup> and November 1<sup>st</sup>. Both notes are secured by the sewer revenue of the District.

The principal and interest due on each note is as follows:

| Years Ending December 31 | Principal    |            | Interest   |           |
|--------------------------|--------------|------------|------------|-----------|
|                          | W14F340      | W15F361    | W14F340    | W15F361   |
| 2026                     | \$ 145,178   | \$ 64,468  | \$ 32,848  | \$ 14,586 |
| 2027                     | 148,096      | 65,763     | 29,930     | 13,291    |
| 2028                     | 151,073      | 67,085     | 26,953     | 11,969    |
| 2029                     | 154,110      | 68,433     | 23,917     | 10,620    |
| 2030                     | 157,207      | 69,809     | 20,819     | 9,245     |
| 2030-2036                | 922,857      | 409,797    | 56,290     | 24,995    |
|                          | \$ 1,678,521 | \$ 745,355 | \$ 190,757 | \$ 84,706 |

The District pledged future customer revenues, net of operating expenses, to repay the loans above. Proceeds from the loans provided financing for various improvements. The loans are payable solely from sewer user fee revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require approximately 13% of sewer revenues. The total principal and interest remaining to be paid on the bonds is shown above. Principal and interest paid for the current year and total user fee revenues were \$257,080 and \$2,112,438, respectively.

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 5 – Net Position:

Net position is presented reflecting the portion of the net investment in capital assets and the remainder divided between designated and undesignated as follows:

| December 31                      | 2025         | 2024         |
|----------------------------------|--------------|--------------|
| Net Investment in capital assets | \$ 4,011,651 | \$ 3,887,482 |
| Designated:                      |              |              |
| Vehicle/equipment reserve        | 245,705      | 195,705      |
| Plant reserve                    | 2,357,160    | 2,327,087    |
| Lines reserve                    | 206,837      | 327,724      |
| Employee compensated absences    | 59,739       | 44,739       |
|                                  | 6,881,092    | 6,782,737    |
| Undesignated                     | 1,774,240    | 1,323,258    |
| Total net position               | \$ 8,655,332 | \$ 8,105,995 |

---

### NOTE 6 – Contingencies:

#### Risk Management:

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions, injuries to employees or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

#### Tax, Spending and Debt Limitations:

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

---

## **SUPPLEMENTARY INFORMATION**

## ESTES PARK SANITATION DISTRICT

### Schedule of Revenue and Expenses - Actual (Budgetary Basis) Compared to Budget

| Year Ended December 31, 2025    | Actual       | Original<br>Budget | Final Budget | Variance |
|---------------------------------|--------------|--------------------|--------------|----------|
| Revenues:                       |              |                    |              |          |
| User fee income                 | \$ 2,112,438 | \$ 2,199,421       | \$ 2,103,608 | \$ 8,830 |
| FOG non-compliance fees         | 24,114       | 69,563             | 22,950       | 1,164    |
| Lift station fees               | 11,340       | 22,347             | 11,340       | -        |
| Miscellaneous income            | 66,547       | 11,340             | 33,000       | 33,547   |
| Account maintenance fee         | 69,762       | 33,000             | 69,653       | 109      |
| Total Operating Revenue         | 2,284,201    | 2,335,671          | 2,240,551    | 43,650   |
| Nonoperating Revenue:           |              |                    |              |          |
| Interest income                 | 182,102      | 140,000            | 140,000      | 42,102   |
| System development fees         | 69,870       | 150,000            | 150,000      | (80,130) |
| Total Nonoperating Income       | 251,972      | 290,000            | 290,000      | (38,028) |
| Total Revenue and Contributions | 2,536,173    | 2,625,671          | 2,530,551    | 5,622    |
| Expenditures:                   |              |                    |              |          |
| Treatment expenses:             |              |                    |              |          |
| Payroll:                        |              |                    |              |          |
| Salaries                        | 279,602      | 246,556            | 246,556      | (33,046) |
| Payroll contingencies           | -            | 7,618              | 7,618        | 7,618    |
| Payroll taxes                   | 21,681       | 21,682             | 21,682       | 1        |
| Employee benefits               | 62,920       | 56,153             | 60,153       | (2,767)  |
| Employee clothing               | 1,736        | 1,650              | 1,650        | (86)     |
| Workmen's compensation          | 2,816        | 3,500              | 3,500        | 684      |
| Total Payroll - Treatment       | 368,755      | 337,159            | 341,159      | (27,596) |
| Operations:                     |              |                    |              |          |
| Biosolids removal               | 57,244       | 60,000             | 60,000       | 2,756    |
| Chemicals                       | 41,189       | 45,000             | 45,000       | 3,811    |
| Education & training            | 2,107        | 5,000              | 3,000        | 893      |
| Utilities: natural gas          | 6,213        | 8,500              | 6,600        | 387      |
| Lab tests & supplies            | 22,609       | 27,500             | 22,200       | (409)    |
| Repairs & maintenance: plant    | 57,082       | 48,000             | 47,000       | (10,082) |
| Engineering                     | -            | 20,000             | 5,000        | 5,000    |
| Miscellaneous                   | 370          | 250                | 400          | 30       |
| Utilities: Electricity          | 106,390      | 111,183            | 111,183      | 4,793    |
| Communications                  | 2,985        | 4,650              | 4,000        | 1,015    |
| Repairs & maintenance: vehicle  | 1,785        | 4,000              | 4,000        | 2,215    |
| SCADA improvement               | -            | 3,500              | 3,300        | 3,300    |
| Utilities: Potable water        | 3,194        | 3,500              | 3,500        | 306      |
| Total Operations - Treatment    | 301,168      | 341,083            | 315,183      | 14,015   |
| Total Treatment Expenses        | 669,923      | 678,242            | 656,342      | (13,581) |

## ESTES PARK SANITATION DISTRICT

### Schedule of Revenue and Expenses - Actual (Budgetary Basis) Compared to Budget

| Year Ended December 31, 2025     | Actual     | Original<br>Budget | Final Budget | Variance |
|----------------------------------|------------|--------------------|--------------|----------|
| Collection expenses:             |            |                    |              |          |
| Payroll:                         |            |                    |              |          |
| Salaries                         | \$ 243,965 | \$ 249,218         | \$ 249,218   | \$ 5,253 |
| Payroll Contingencies            | -          | 7,779              | 7,779        | 7,779    |
| Payroll taxes                    | 21,211     | 21,505             | 21,505       | 294      |
| Employee benefits                | 59,235     | 63,006             | 63,006       | 3,771    |
| Employee clothing                | 1,628      | 1,650              | 1,650        | 22       |
| Workmen's compensation           | 4,295      | 4,000              | 4,000        | (295)    |
| Total Payroll - Collection       | 330,334    | 347,158            | 347,158      | 16,824   |
| Operations:                      |            |                    |              |          |
| Education & training             | 6,198      | 6,500              | 6,750        | 552      |
| Repairs & maintenance: equipment | 12,158     | 15,000             | 14,500       | 2,342    |
| FOG Interceptor Program          | -          | 2,500              | 2,500        | 2,500    |
| Miscellaneous                    | 100        | 250                | 200          | 100      |
| Collection maintenance           | 12,441     | 19,550             | 15,000       | 2,559    |
| Communications                   | 2,889      | 4,550              | 3,500        | 611      |
| Repairs & maintenance: vehicle   | 1,987      | 4,000              | 3,000        | 1,013    |
| Property maintenance             | -          | 400                | 400          | 400      |
| Lift station variable costs      | -          | 4,240              | 4,240        | 4,240    |
| Total Operations - Collection    | 35,773     | 56,990             | 50,090       | 14,317   |
| Total Collection Expenses        | 366,107    | 404,148            | 397,248      | 31,141   |

## ESTES PARK SANITATION DISTRICT

### Schedule of Revenue and Expenses - Actual (Budgetary Basis) Compared to Budget

| Year Ended December 31, 2025                                               | Actual     | Original<br>Budget | Final Budget | Variance  |
|----------------------------------------------------------------------------|------------|--------------------|--------------|-----------|
| Administrative expenses:                                                   |            |                    |              |           |
| Payroll:                                                                   |            |                    |              |           |
| Salaries                                                                   | \$ 187,401 | \$ 213,928         | \$ 213,928   | \$ 26,527 |
| Directors salaries                                                         | 5,400      | 5,400              | 5,400        | -         |
| Payroll taxes                                                              | 15,968     | 18,517             | 18,517       | 2,549     |
| Employee benefits                                                          | 43,909     | 49,686             | 49,686       | 5,777     |
| Workmen's compensation                                                     | 194        | 265                | 265          | 71        |
| Total Payroll - Administrative                                             | 252,872    | 287,796            | 287,796      | 34,924    |
| Operations:                                                                |            |                    |              |           |
| Bank charges                                                               | 2,819      | 2,500              | 3,200        | 381       |
| Election Expense                                                           | 211        | -                  | 300          | 89        |
| Education                                                                  | 302        | 2,500              | 500          | 198       |
| Insurance                                                                  | 43,500     | 44,000             | 44,000       | 500       |
| Permit fees                                                                | 7,529      | 8,000              | 7,600        | 71        |
| Miscellaneous                                                              | 1,747      | 3,650              | 3,650        | 1,903     |
| Office maintenance and utilities                                           | 3,470      | 4,000              | 4,400        | 930       |
| Office supplies                                                            | 16,532     | 18,500             | 16,000       | (532)     |
| Professional fees                                                          | 26,052     | 22,500             | 27,500       | 1,448     |
| Publications                                                               | 115        | 1,000              | 500          | 385       |
| Communications                                                             | 3,256      | 4,500              | 2,500        | (756)     |
| Vehicle                                                                    | 6,714      | 7,200              | 7,200        | 486       |
| Total Operations - Administrative                                          | 112,247    | 118,350            | 117,350      | 5,103     |
| Total Administrative Expenses                                              | 365,119    | 406,146            | 405,146      | 40,027    |
| Other Budgeted items:                                                      |            |                    |              |           |
| Purchase/construction of fixed assets                                      | 452,777    | 196,600            | 537,500      | 84,723    |
| Interest payment on debt                                                   | 51,565     | 51,565             | 67,291       | 15,726    |
| Principal repayment on debt                                                | 205,515    | 205,515            | 189,789      | (15,726)  |
| Total Other Budgeted Items                                                 | 709,857    | 453,680            | 794,580      | 84,723    |
| Total Expenditures                                                         | 2,111,006  | 1,942,216          | 2,253,316    | 142,310   |
| Net Income - Budget Basis                                                  | 425,167    | 683,455            | 277,235      | 147,932   |
| Reconciliation of Net Income - Budget Basis<br>to Net Income - GAAP Basis: |            |                    |              |           |
| Capital Outlay                                                             | 397,665    |                    |              |           |
| Debt repayment                                                             | 205,515    |                    |              |           |
| Depreciation Expense                                                       | (479,011)  |                    |              |           |
| Net Income - GAAP Basis                                                    | \$ 549,336 |                    |              |           |