Fruitdale Sanitation District
Jefferson County, Colorado

Financial Statements
December 31, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Fruitdale Sanitation District
Jefferson County, Colorado

Opinions

We have audited the accompanying financial statements of the business-type activities of Fruitdale Sanitation District (the "District") as of and for the year ended December 31, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2025 and 2024 and the respective changes in financial position and cash flows for the years 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fruitdale 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, 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 Fruitdale 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.

Auditors' 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.

1221 West Mineral Avenue, Ste. 202, Littleton, CO 80120 303-734-4800 HaynieCPAs.com

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

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 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.

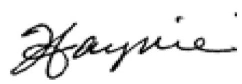
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fruitdale Sanitation District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado
July 23, 2026

Management’s Discussion and Analysis

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

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

Financial Highlights

- The financial statements show total assets of $13,156,680 and total liabilities and deferred inflows of resources of $537,772, as of December 31, 2025.
- In the statement of net position, the assets of the District exceeded its liabilities and deferred inflows of resources by $12,618,908 which is an increase of $870,090. $9,195,287, or approximately 73% of this amount is unrestricted and may be used to meet the District's ongoing obligations to customers and creditors.
- The District's total assets increased by $939,617. Most of this increase was attributable to an increase in cash and investments from 2024.
- The District's total liabilities and deferred inflows of resources increased by $69,527 during the current fiscal year, due primarily to customer deposits.

Overview of the Financial Statements

The financial statements of the District are presented as a special purpose government engaged in business type activities – providing sewer services.

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

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

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

These financial statements distinguish functions of the District that will be principally supported by user fees, inspection and tap fees. The functions of the District include effective and economical operation of wastewater sewer systems within the jurisdictional boundaries of the District. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The district-wide financial statements include only the District itself.

The District adopts an annual appropriated budget to recognize the fiscal impact of operations, non-operating revenues and contributions. A budgetary comparison statement has been provided to demonstrate compliance with this requirement.

The basic financial statements of the District can be found on pages 1-3 of this report.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by $12,618,908 at the close of the most recent fiscal year.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. The District's investment in its capital assets is reported net of related debt. It should be noted that the District has no outstanding long-term debt.

The balance of *unrestricted net position*, $9,195,287, may be used to meet the government's ongoing obligations to customers and creditors.

At the end of the current fiscal year, the District reported positive balances in all categories of net position, for the District as a whole.

The District's net position increased by $870,090 during the current fiscal year, compared to an increase of $930,802 in 2024.

Financial Analysis of the District's Funds

December 31,	**2025**	**2024**
ASSETS		
Current assets	$ 9,763,059	$ 8,753,585
Capital assets, not being depreciated	3,393,621	3,463,478
Total assets	13,156,680	12,217,063
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities	210,785	155,711
Deferred inflows of resources	326,987	312,534
Total liabilities and deferred inflows	537,772	468,245
NET POSITION		
Net investment in capital assets	3,393,621	3,463,478
Restricted for emergencies	30,000	30,000
Unrestricted	9,195,287	8,255,340
Total liabilities, deferred inflows and net position	$ 13,156,680	$ 12,217,063

CHANGE IN NET POSITION		
December 31,	**2025**	**2024**
Income (loss) from operations	$ 83,937	$ 93,157
Net non-operating and expenses	760,041	643,513
Capital contributions	26,112	194,132
CHANGE IN NET POSITION	870,090	930,802
NET POSITION BEGINNING OF YEAR	11,748,818	10,818,016
NET POSITION END OF YEAR	$ 12,618,908	$ 11,748,818

Capital Asset and Debt Administration

Capital assets. The District's investments in capital assets for its business type activities as of December 31, 2025 amounts to $3,393,619 (net of accumulated depreciation). This investment in capital assets includes sewer line systems, office furniture and fixtures, vehicles, land and buildings. The total increase in the District's investment in capital assets for the current fiscal year was (1%), due primarily to sewer lines upgrades.

Fruitdale Sanitation District Capital Assets

	2025	**2024**	**Change**
Land	$ 195,234	$ 195,234	0%
Land improvements	67,656	67,656	0%
Building and improvements	405,878	405,878	0%
Vehicles and equipment	263,827	263,827	0%
Sewer lines	5,225,975	5,225,975	0%
Construction in progress	58,770	-	100%
Total Capital Assets	$ 6,217,340	$ 6,158,570	

Additional information on the District's capital assets can be found in notes 2 and 7 to the financial statements.

Requests for Information

This 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 requests for additional financial information should be addressed to the District:

Fruitdale Sanitation District
4990 Miller Street
Wheat Ridge, CO 80033

BASIC FINANCIAL STATEMENTS

Fruitdale Sanitation District

Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets:		
Cash and cash equivalents	$ 7,734,455	$ 6,740,019
Investments	1,662,454	1,667,270
Accounts receivable	13,695	27,276
Accrued interest receivable	6,486	6,486
Property taxes receivable	326,987	312,534
Prepaid expenses	18,982	-
Total Current Assets	9,763,059	8,753,585
Capital Assets:		
Land	$ 195,234	195,234
Land improvements	67,656	67,656
Building and building improvements	405,878	405,878
Vehicles and equipment	263,827	263,827
Sewer lines, extensions and inclusions	5,225,975	5,225,975
Construction in progress	58,770	-
	6,217,340	6,158,570
Less accumulated depreciation	(2,823,719)	(2,695,092)
Total Capital Assets, Net	3,393,621	3,463,478
Total Assets	$ 13,156,680	$ 12,217,063
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities:		
Accounts payable	$ 59,068	63,189
Wages, payroll taxes and employee benefits payable	32,771	39,813
Customer deposits and overpayments	118,946	52,709
Total Current Liabilities	210,785	155,711
Deferred Inflows of Resources:		
Deferred property taxes	326,987	312,534
Total deferred inflows of resources	326,987	312,534
Net Position		
Net investment in capital assets	3,393,621	3,463,478
Restricted for emergencies	30,000	30,000
Unrestricted	9,195,287	8,255,340
Total net position	12,618,908	11,748,818
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 13,156,680	$ 12,217,063

These financial statements should be read only in connection with the accompanying notes to financial statements.

Fruitdale Sanitation District

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Sewage treatment revenues		
Customers	$ 1,298,896	$ 1,276,092
Industrial recovery	8,973	8,059
Inspection and other fees	2,472	16,912
Total operating revenues	1,310,341	1,301,063
Operating Expenses		
Sewage treatment	502,228	496,965
Collection and transmission	239,596	195,859
General and administrative	484,580	515,082
Total operating expenses	1,226,404	1,207,906
Operating Income (Loss)	83,937	93,157
Non-operating Revenues and Expenses:		
Property Taxes	317,946	306,106
Specific ownership taxes	23,133	21,060
Net investment income (loss)	411,276	308,703
Penalties	12,460	12,241
County treasurer's fees	(4,774)	(4,597)
Net Non-operating Revenues and Expenses	760,041	643,513
Income (Loss) Before Contributions	843,978	736,670
Capital Contributions		
Connection fees	26,112	194,132
Total capital contributions	26,112	194,132
Change in Net Position	870,090	930,802
Net Position - beginning of year	11,748,818	10,818,016
Net Position - end of year	$ 12,618,908	$ 11,748,818

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Fruitdale Sanitation District

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Receipts from customers	$ 1,389,679	$ 1,318,924
Payments to vendors	(695,396)	(826,012)
Payments to employees	(431,845)	(435,379)
Net Cash from Operating Activities	262,438	57,533
Cash Flows from Non-capital Financing Activities:		
Taxes received, net of fees	348,765	334,810
Net Cash from Non-capital Financing Activities	348,765	334,810
Cash Flows from Capital and Related Financing Activities:		
Connection fees received	26,112	194,132
Acquisition and construction of capital assets	(58,770)	(124,478)
Net Cash from Capital and Related Financing Activities	(32,658)	69,654
Cash Flows from Investing Activities:		
Interest received	420,707	308,703
Purchase of investments	(654,831)	(250,015)
Maturity of investments	650,015	250,000
Net Cash from Investing Activities	415,891	308,688
Net Change in Cash and Cash Equivalents	994,436	770,685
Cash and Cash Equivalents - beginning of year	6,740,019	5,969,334
Cash and Cash Equivalents - end of year	$ 7,734,455	$ 6,740,019
Reconciliation of Net Operating Loss to Net Cash from Operating Activities:		
Operating Income (Loss)	$ 83,937	$ 93,157
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	128,627	116,665
Changes in assets and liabilities:		
Accounts receivable	13,581	17,861
Accounts payable	(4,121)	(175,647)
Prepaid expenses	(18,982)	-
Wages, payroll taxes and benefits payable	(6,841)	5,816
Customer deposits	66,237	(319)
Net Cash from Operating Activities	$ 262,438	$ 57,533

Non-cash transactions

None

These financial statements should be read only in connection with the accompanying notes to financial statements.

Fruitdale Sanitation District
Notes to Financial Statements
December 31, 2025 and 2024

1. Organization and Definition of Reporting Entity

Fruitdale Sanitation District (District), was created as a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado. The District was established to provide sewer service to property within its service area. The District is governed by an elected Board of Directors.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations 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.

2. Summary of Significant Accounting Policies

Basis of Accounting
The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in capital contributions. Tap fees, inclusion fees and contributed sewer lines are recorded as nonoperating revenue when received.

Operating Revenues and Expenses
The District distinguishes between operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing sewer services to its customers. Charges to customers for services provided are performed by the District. Operating expenses include cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Cash Equivalents
For purposes of these statements, all highly liquid investments with an original maturity of ninety days or less are considered to be cash equivalents.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable is presented in the Statement of Net Position net of estimated uncollectible amounts. As of December 31, 2025 and 2024, the District considers all amounts to be fully collectible.

Capital Assets

Capital assets are recorded at historical cost or estimated historical if purchased or constructed, except for those assets which have been contributed which are stated at estimated fair value at the date of contribution. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

	Life in Years
Land improvements	20
Building and improvements	20-40
Vehicles and equipment	3-10
Sewer lines, extensions and inclusions	50

Budget and Appropriation

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue and reported as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

2. Summary of Significant Accounting Policies (continued)

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; and natural disasters. Accordingly, the District has joined together with other special districts in the State to form Colorado Special Districts' Property and Liability Pool (Pool), a public entity risk pool currently operating as a common risk management and insurance program with other special districts. The District pays an annual premium for its insurance coverage that includes public officials' liability, property liability and an automobile policy. The Pool is intended to be self-sustaining through member premiums. The Pool has entered into certain reinsurance contracts.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

3. Cash Deposits and Investments

At December 31, 2025 and 2024, the District had the following cash and investments:

	2025	2024
Cash balances - insured	$ 250,000	$ 250,000
Cash and investments - collateralized by securities held at bank	9,146,909	8,157,289
	$ 9,396,909	$ 8,407,289

Cash deposits and investments are reflected on the December 31 Statement of Net Position as follows:

	2025	2024
Cash and cash equivalents	$ 7,734,455	$ 6,740,019
Cash and investments - collateralized by securities held at bank	1,662,454	1,667,270
	$ 9,396,909	$ 8,407,289

At December 31, 2025, the District’s cash deposits had a bank balance of $9,470,177 and a carrying balance of $9,396,909.

3. Cash Deposits and Investments (continued)

Cash Deposits

Deposits are exposed to custodial credit risk if they are not covered by depository insurance, and collateralized with securities held by the pledging financial institution where the fair value of the collateral pool equals or exceeds all uninsured public deposits. The Colorado Public Deposit Protection Act (PDPA) requires deposits of all units of local government to be made in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by 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. Accordingly, none of the District's cash deposits as of December 31, 2025 and 2024 are deemed to be exposed to custodial credit risk.

Investments

Colorado statutes specify investment instruments meeting defined rating, maturity, custodial and concentration risk criteria in which local governments may invest which include.

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

The investment policy adopted by the Board of Directors of the District establishes additional restrictions to the requirements specified by state statutes.

3. Cash Deposits and Investments (continued)

At December 31, 2025, the District had the following investments:

Investment	Rating	Investment Maturities (in Years) Less than 1	1 to Less than 5	Total
Investment pools		$ 5,799,653	$ -	$ 5,799,653
Money market	N/A	107	-	107
Certificates of deposit	N/A	-	212,633	212,633
Bonds	AA+	-	1,449,821	1,449,821
		$ 5,799,760	$ 1,662,454	$ 7,462,214

At December 31, 2024, the District had the following investments:

Investment	Rating	Investment Maturities (in Years) Less than 1	1 to Less than 5	Total
Investment pools		$ 4,126,526	$ -	$ 4,126,526
Money market	N/A	107	-	107
Certificates of deposit	N/A	-	212,633	212,633
Bonds	AA+	-	1,454,637	1,454,637
		$ 4,126,633	$ 1,667,270	$ 5,793,903

Interest Rate Risk — Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Credit Risk — The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer. More than 5% of the District's investments are concentrated in single issuers.

Local Government Investment Pools — As of December 31, 2025, the District had $5,799,653 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. COLOTRUST is rated AAA by Standard and Poor's. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00. COLOTRUST offers shares in three portfolios, COLOTRUST Prime, COLOTRUST Plus+ and COLOTRUST Edge. The District funds are only invested in COLOTRUST Plus+. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for COLOTRUST's portfolios pursuant to a custodian agreement.

3. Cash Deposits and Investments (continued)

Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian acts as safekeeping agent for COLOTRUST investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST.

Fair Value Measurement and Application — The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series) and money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee).

The District's investments, except for its investments in COLOTRUST, are measured using Level 1 inputs. COLOTRUST is recorded using the net asset value.

4. Contracts

Service Contract - Metro Wastewater Reclamation District (MWRD)
The District has an agreement with MWRD for final treatment and disposal of the District's sewage. The agreement provides for annual estimated charges that are assessed through the application of a predetermined formula. Adjustments to the estimated charge will be based on meter flows, content, and actual costs. The adjustments are billed or credited to the District during the two succeeding years. The District retains responsibility for the maintenance and future construction costs of all public sanitary sewer lines and retains title to all public sanitary sewer lines in the District.

5. Tax, Spending and Debt Limitations

TABOR Amendment
Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

5. Tax, Spending and Debt Limitations (continued)

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The District's management believes it is currently in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Some of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise may require judicial interpretation.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has restricted net position for an Emergency Reserve in accordance with TABOR.

In November 1994, the District adopted a resolution establishing a water activity enterprise under section 37-45.1-101 et. seq., CRS. The District adopts a budget for a General Government and an Enterprise. The General Government is budgeted to receive property tax revenues and pay administrative expenses and make grants to the Enterprise. The activities of the Enterprise, shall include, but not be limited to, collection, treatment, use, reuse, exchange, or discharge of wastewater. The Enterprise shall be eligible to receive grants from the General Government or other sources provided such grants in any fiscal year do not exceed 10% of the Enterprise's annual total revenue.

6. Risk Management: Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District is one of approximately 960 special districts which are members of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2025. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, and boiler and machinery and workers compensation coverage to its members. The Pool provides coverage for property claims up to $40,000,000 and liability coverage for claims up to $1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, public officials and worker’s compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

7. Capital Assets

Changes in property, plant and equipment from 2024 year end to 2025 year end are as follows:

	Balance at December 31, 2024	Additions	Disposals/ Transfers	Balance at December 31, 2025
Land	$ 195,234	$ -	$ -	$ 195,234
Land improvements	67,656	-	-	67,656
Building and improvements	405,878	-	-	405,878
Vehicles and equipment	263,827	-	-	263,827
Sewer lines	5,225,975	-	-	5,225,975
Total	6,158,570	-	-	6,158,570
Accumulated depreciation	(2,695,092)	(128,627)	-	(2,823,719)
Net	$ 3,463,478	$ (128,627)	$ -	$ 3,334,851

	Balance at December 31, 2024	Additions	Disposals/ Transfers	Balance at December 31, 2025
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 58,770	$ -	$ 58,770
Total capital assets, not being depreciated	$ -	$ 58,770	$ -	$ 58,770

Changes in property, plant and equipment from 2023 year end to 2024 year end are as follows:

	Balance at December 31, 2023	Additions	Disposals/ Transfers	Balance at December 31, 2024
Land	$ 195,234	$ -	$ -	$ 195,234
Land improvements	67,656	-	-	67,656
Building and improvements	405,878	-	-	405,878
Vehicles and equipment	274,873	5,804	16,850	263,827
Sewer lines	5,107,300	118,675	-	5,225,975
Total	6,050,941	124,479	16,850	6,158,570
Accumulated depreciation	(2,595,277)	(116,665)	16,850	(2,695,092)
Net	$ 3,455,664	$ 7,814	$ -	$ 3,463,478

OTHER SUPPLEMENTARY INFORMATION

Fruitdale Sanitation District
Schedules of Operating Expenses
For the Years Ended December 31, 2025 and 2024

	2025	2024
Sewage Treatment		
Metro wastewater treatment charges	$ 496,471	$ 491,862
Lab testing and testing supplies	5,757	5,103
Total Sewage Treatment	502,228	496,965
Collection and Transmission		
Operating supplies	1,231	-
Repairs and maintenance	2,153	2,692
Salaries and payroll taxes	104,503	74,379
Vehicle	3,082	2,123
Depreciation	128,627	116,665
Total Collection and Transmission	239,596	195,859
General and Administrative		
Accounting and auditing	25,594	10,865
Bank service charges	435	266
Director's fees	7,900	4,500
Dues, meetings and education	2,120	3,734
Employee benefits	126,119	141,105
Engineering	30,127	21,888
Insurance	17,559	19,200
Legal	24,784	22,831
Licenses and permits	1,676	1,467
Meter readings	2,000	2,200
Miscellaneous	8,191	8,360
Repairs and maintenance	5,642	3,387
Office supplies and billing expenses	7,880	9,256
Payroll taxes	21,702	23,509
Software	21,187	11,950
Travel	1,678	2,486
Salaries	165,059	211,609
Telephone	4,734	6,020
Utilities	10,193	10,449
Total General and Administrative	484,580	515,082

Fruitdale Sanitation District
Statement of Revenue, Expenditures and Changes in Funds Available
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2025

	Budgeted Amounts Original & Final	Actual	Variance Favorable (Unfavorable)
REVENUE			
Operating revenues:			
Service charges - regular	$ 1,243,622	$ 1,284,466	$ 40,844
Industrial recovery charge	7,200	8,973	1,773
Intensive use charge	1,000	-	(1,000)
Connection fees - district	70,920	26,112	(44,808)
Inspection and license fees	1,850	29,242	27,392
Miscellaneous	3,000	120	(2,880)
Non-operating revenues:			
Property taxes	312,744	317,946	5,202
Specific ownership taxes	13,500	23,133	9,633
Net investment income	150,000	411,276	261,276
Admin and commercial computation fee	600	-	(600)
Total Revenues	$ 1,804,436	$ 2,101,268	$ 296,832
EXPENDITURES			
Sewage collection & transmission:			
General operating supplies	$ 8,300	$ 1,231	$ 7,069
Repairs and maintenance	12,500	2,153	10,347
Salaries - lines	146,656	104,503	42,153
Vehicle	13,000	3,082	9,918
Sewage treatment:			
Metro wastewater charges	496,266	496,471	(205)
Testing	6,000	5,521	479
Testing supplies	300	236	64
Sanitary administration:			
Auditing and budget	22,000	25,594	(3,594)
Bank service charges	900	435	465
County treasurer's fees	6,500	4,774	1,726
Director's fees	12,000	7,900	4,100
Dues, meetings and education	9,000	2,120	6,880
Engineering	40,000	30,127	9,873
Insurance	16,600	17,559	(959)
Licenses and permits	2,950	1,676	1,274
Legal	40,000	24,784	15,216
Meter reading	2,400	2,000	400
Miscellaneous	4,000	8,191	(4,191)
Office supplies and billing expense	21,700	7,880	13,820
Salaries	333,321	291,178	42,143
Software	20,000	21,187	(1,187)
Taxes - payroll	17,070	21,702	(4,632)
Repairs and maintenance	7,480	5,642	1,838
Travel	4,500	1,678	2,822
Utilities	21,460	14,927	6,533
Capital outlay	315,000	58,770	256,230
Total Expenditures	$ 1,579,903	$ 1,161,321	$ 418,582
Net Change in Fund Balance	224,533	939,947	
Fund Balance - Beginning of Year	6,129,120	8,285,340	
Fund Balance - End of Year	$ 6,353,653	$ 9,225,287	

Fruitdale Sanitation District
Statement of Revenue, Expenditures and Changes in Funds Available
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2025

Reconciliation - Budgetary Basis to GAAP	
Change in fund balance - budgetary basis	939,947
Capital outlay	58,770
Depreciation	(128,627)
Change in fund balance - GAAP basis	$ 870,090

Fruitdale Sanitation District
Summary of Assessed Valuation, Mill Levy, and Property Taxes Collected
December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2021	$ 130,202,717	2.082	$ 271,108	$ 266,663	98.4%
2022	$ 150,310,292	1.846	$ 277,587	$ 276,433	99.6%
2023	$ 155,851,433	1.920	$ 291,899	$ 276,433	94.7%
2024	$ 175,154,229	1.786	$ 312,863	$ 306,106	97.8%
2025	$ 177,584,390	1.760	$ 312,534	$ 317,946	101.7%
Estimated for the year ending December 31, 2026	$ 185,682,640	1.761	$ 326,987		

Note: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.