SECURITY SANITATION DISTRICT

FINANCIAL STATEMENTS
With Independent Auditors' Report

Years Ended December 31, 2025 and 2024

SECURITY SANITATION DISTRICT
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DECEMBER 31, 2025 AND 2024

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Security Sanitation District

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Security Sanitation District, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Security Sanitation District's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Security 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 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 Security Sanitation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a

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material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Security Sanitation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Security Sanitation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
June 15, 2026

SECURITY SANITATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED DECEMBER 31, 2025

As management of Security Sanitation District (the District) we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- The District's total assets of $49,966,795 exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $26,011,373 (*net position).* Of this amount, $5,295,215 represents unrestricted net position, which may be used to meet the District's ongoing obligations.
- The District's total net position increased during the year by $2,388,124.
- Capital assets net of depreciation increased by $160,991 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements consist of the following components: (1) Statement of Net Position, (2) Statement of Revenues, Expenses and Changes in Net Position, (3) Statement of Cash Flows, and (4) Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

Statement of Net Position - This statement reports all financial and capital resources (assets), obligations (liabilities), and deferred inflows and outflows. The difference between assets, liabilities, and deferred inflows and outflows, is net position. The statement also provides the basis for evaluating the capital structure and assessing liquidity and financial flexibility.

Statement of Revenues, Expenses and Changes in Net Position - All revenues and expenses are accounted for in this statement. This statement measures the results from operations and can be used to determine whether the District's rates, fees and other charges are adequate to recover expenses.

Statement of Cash Flows – This statement reports all cash receipts and payments summarized by net changes in cash from operating, non-capital financing, capital and related financing, and investing activities.

OVERALL FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. For the year ended December 31, 2025, the District's assets exceeded liabilities and deferred inflows by $26,011,373, resulting in a positive net position. The following reflects key financial information in a condensed format:

Condensed Statements of Net Position

	2025	2024
Current and other assets	$ 6,051,770	$ 4,932,667
Capital assets, net	43,915,025	43,754,034
Total assets	49,966,795	48,686,701
Current and other liabilities	1,404,373	1,578,402
Long-term liabilities	22,422,009	23,359,822
Total liabilities	23,826,382	24,938,224
Deferred inflow of resources	129,040	125,228
Net position:		
Net investment in capital assets	20,678,641	19,620,152
Restricted	37,517	37,517
Unrestricted	5,295,215	3,965,580
Total net position	$ 26,011,373	$ 23,623,249

Unrestricted net position of the District at the end of the year was $5,295,215, an increase of $1,329,635 from the prior year.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2025	2024
Operating revenues	$ 5,126,557	$ 4,551,035
Operating expenses	(2,715,840)	(2,605,817)
Operating income (loss)	2,410,717	1,945,218
Non-operating revenues and expenses, net	(162,426)	(46,877)
Income (loss) before contributions	2,248,291	1,898,341
Capital contributions – tap fees	139,833	9,224
Change in net position	2,388,124	1,907,565
Net position, beginning	23,623,249	21,715,684
Net position, ending	$ 26,011,373	$ 23,623,249

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of December 31, 2025 amounts to $43,915,025. This investment in capital assets includes land, buildings and lagoon, equipment, and sewer main.

	2025	2024
Capital assets, not being depreciated	$ 220,791	$ 42,210,281
Capital assets, being depreciated	50,822,164	8,391,828
Less accumulated depreciation	(7,127,930)	(6,848,075)
Total capital assets, net	$ 43,915,025	$ 43,754,034

The major capital asset acquisitions during 2025 include the purchase of plant equipment and plant capital construction.

Long-Term Debt

	Beginning	Additions	Reductions	Ending
CWRPDA loan	$ 24,143,882	$ 166,665	$ (1,064,163)	$ 23,246,384
Compensated absences	266,573	129,298	(101,315)	294,556
Total long-term liabilities	$ 24,410,455	$ 295,963	$ (1,165,478)	$ 23,540,940

ECONOMIC FACTORS AND OUTLOOK

Budgetary Highlights – The District has incurred significant capital costs to upgrade the wastewater treatment plant and equipment in order to meet current and future regulations. Although substantially completed in 2024, the upgrade has resulted in financial challenges for the District, which it continues to navigate through. In addition, the wastewater collection system is in need of continuous improvements so that the District can continue to provide the best possible service to its customers. These conditions will undoubtedly require future increases in wastewater rates, but rates will continue to be competitive for this geographic area. Tap fees have also been increased in order to offset the impact of growth upon the collection and treatment facilities.

Economic and Environmental Factors - Development within the District increased slightly in 2025, and there are several projects within the District that may be initiated in the near-term. The District will need to continue to upgrade facilities, in part to accommodate anticipated long-term growth. Regulatory requirements are expected to provide ever-increasing treatment challenges in the future and will demand substantial resources in order for the District to maintain regulatory compliance.

The general economy within the region remains strong. The District has felt the impacts of world and national economic issues, including inflation and supply chain disruptions. Certain economic factors may continue to create challenges into 2026, however the financial effects are not expected to be material.

REQUESTS FOR INFORMATION

This financial report is designed to provide our customers, creditors and other financial users with a general overview of the District's finances. If you have questions about this report or need additional financial information, please contact the District's General Manager, Roy E. Heald, at 719-392-3475 or 231 Security Boulevard, Colorado Springs, CO 80911.

BASIC FINANCIAL STATEMENTS

SECURITY SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,013,458	$ 819,746
Investments	4,351,516	3,494,459
Cash in escrow	10,000	10,000
Due from County Treasurer	959	960
Accounts receivable	513,538	462,607
Property taxes receivable	129,040	125,228
Interest receivable	33,061	19,469
Prepaid expenses	198	198
Total current assets	6,051,770	4,932,667
Noncurrent assets:		
Capital assets, net of depreciation	43,915,025	43,754,034
Total assets	49,966,795	48,686,701
LIABILITIES		
Current liabilities:		
Accounts payable	85,604	321,532
Compensated absences payable	26,746	19,803
Payroll taxes payable	3,267	938
Accrued interest	192,219	201,448
Unearned assessment revenue	4,352	3,851
Current portion - loans payable	1,092,185	1,030,830
Total current liabilities	1,404,373	1,578,402
Noncurrent liabilities:		
Loans payable	22,154,199	23,113,052
Compensated absences	267,810	246,770
Total noncurrent liabilities	22,422,009	23,359,822
Total liabilities	23,826,382	24,938,224
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property tax	129,040	125,228
Total deferred inflows of resources	129,040	125,228
NET POSITION		
Net investment in capital assets	20,678,641	19,620,152
Restricted	37,517	37,517
Unrestricted	5,295,215	3,965,580
Total net position	$ 26,011,373	$ 23,623,249

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

SECURITY SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating revenues:		
Charges for sales and services		
Sanitation assessments	$ 5,106,603	$ 4,537,896
Other	19,954	13,139
Total operating revenues	5,126,557	4,551,035
Operating expenses:		
Sewage pumping and treatment	1,807,757	1,675,458
Waste disposal	235,524	218,787
Maintenance	176,610	289,962
Administration and general	212,094	216,587
Depreciation	283,855	205,023
Total operating expenses	2,715,840	2,605,817
Operating income (loss)	2,410,717	1,945,218
Nonoperating revenues (expenses):		
General property and specific ownership taxes	137,305	145,778
Investment income	182,849	246,715
Gain (loss) on disposal of capital assets	-	57,376
Interest expense	(482,580)	(496,746)
Total non-operating revenues (expenses)	(162,426)	(46,877)
Income (loss) before capital contributions	2,248,291	1,898,341
Capital contributions - tap fees	139,833	9,224
Change in net position	2,388,124	1,907,565
Net position-beginning	23,623,249	21,715,684
Net position-ending	$ 26,011,373	$ 23,623,249

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

SECURITY SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 5,056,173	$ 4,526,646
Cash payments to suppliers for goods and services	(1,363,898)	(1,398,235)
Cash payments to employees for services	(996,410)	(918,628)
Other operating revenues	19,954	13,139
Net cash provided (used) by operating activities	2,715,819	2,222,922
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from general and specific ownership tax revenues	137,306	145,771
Net cash provided (used) by noncapital financing activities	137,306	145,771
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	139,833	9,224
Insurance proceeds	-	64,917
Acquisition and construction of capital assets	(722,139)	(2,486,559)
Proceeds from loan	166,665	-
Principal on loan	(1,064,163)	(1,007,337)
Interest on loan	(491,809)	(506,226)
Net cash provided (used) by capital and related financing activities	(1,971,613)	(3,925,981)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(7,806,653)	(7,936,348)
Proceeds from matured securities	7,045,000	9,530,000
Interest received	73,853	167,215
Net cash provided (used) by investing activities	(687,800)	1,760,867
Net increase (decrease) in cash and cash equivalents	193,712	203,579
Cash and cash equivalents at beginning of year	829,746	626,167
Cash and cash equivalents at end of year	$ 1,023,458	$ 829,746
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	$ 1,013,458	$ 819,746
Restricted cash and cash equivalents	10,000	10,000
Cash and cash equivalents at end of year	$ 1,023,458	$ 829,746

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

SECURITY SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 2,410,717	$ 1,945,218
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	283,855	205,023
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(50,931)	(11,211)
Prepaid expenses	-	129,170
Increase (decrease) in liabilities:		
Accounts payable	41,365	(52,315)
Compensated absences payable	27,983	7,076
Payroll taxes payable	2,329	-
Unearned assessment revenue	501	(39)
Total Adjustments	305,102	277,704
Net Cash Provided (Used) by Operating Activities	$ 2,715,819	$ 2,222,922
Schedule of non-cash investing, capital and financing activities:		
Increase (decrease) in fair value of investments	$ (190,192)	$ (182,895)
Amortization of investment premium	$ 94,788	$ 91,521

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles as applied to local governments and promulgated by the Governmental Accounting Standards Board (GASB). A summary of the significant accounting policies used in the preparation of these financial statements follows.

A. REPORTING ENTITY

Security Sanitation District is a special district governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required.

B. BASIS OF PRESENTATION—FINANCIAL STATEMENTS

The basic financial statements (i.e., the statement of net position and the statement of revenues, expenses and changes in net position) report information on all of the non-fiduciary activities of the District.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District accounts for all of its activities in a single proprietary – enterprise fund for its activities which are similar to those found in the private sector, where the determination of changes in net position is necessary or useful to sound financial administration. The business type activities of the District rely significantly upon service charges.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

Accounts Receivable

Accounts Receivable are due from a large number of customers who are provided monthly sanitation services. An allowance for doubtful accounts is not required as the District holds a lien on property for unpaid sanitation services.

Prepaid expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2025 and 2024, are recorded as prepaid items.

Capital Assets

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The capitalization threshold for the District is $5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Collection mains and other improvements installed upon formation of the District at the expense of developers and subdividers are not recorded in the balance sheet and depreciation thereon has not been charged against revenues as records are not available to establish valuation for such property.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of buildings, equipment, vehicles and the sewer system is computed over the following estimated useful lives using the straight-line method.

Buildings and lagoon	12 - 40 years
Sanitation plant	15 - 40 years
Sewer main	40 years
Equipment	5 - 20 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of operations.

Leases

Lessee: The District recognizes a lease liability and an intangible right-to-use lease assets in the financial statements. The District recognizes lease liabilities with an initial, individual value of $50,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

E. REVENUES AND EXPENSES

Property taxes

Property taxes attach as an enforceable lien on real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The El Paso County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables. The tax rates were 0.550 and 0.570 mills for the years ended December 31, 2025 and 2024, respectively. The District's assessed valuations for 2025 and 2024 were $220,742,880 and $218,613,930, respectively.

Compensated Absences

The District recognizes a liability for compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is reported for leave that is attributable to services already rendered, is to be used for time off, and is more likely than not to be used for time off or otherwise paid.

Vacation leave that meets these criteria is accrued when earned in the government-wide financial statements. Sick leave is accrued only to the extent that it is reasonably expected to be paid upon separation or used in future periods. The amount reported as a liability is based on the pay rates in effect at the end of the reporting period and includes applicable salary-related payments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the fund are sanitation assessments, and inspection fees. Operating expenses include all expenses incurred to provide sanitation services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. ESTIMATES

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

G. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a comprehensive basis of accounting other than generally accepted accounting principles. The primary differences are that bond and note proceeds are treated as a budget source and capital expenditures and bond and note principal payments are treated as a budget use. Depreciation expense is not considered a budget expense. An annual appropriated budget is adopted for the proprietary fund. All annual appropriations lapse at fiscal year-end.

Expenditures may not legally exceed budgeted appropriations.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1) By October 15^{th} of each year, the manager submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2) A public hearing is conducted by the District to obtain taxpayer comments.
3) Prior to December 31, the budget is legally enacted by the Board.
4) The manager is authorized to transfer budgeted amounts between line items of the District; however, any revisions that increase the total expenditures of the District must be approved by the Board of Directors.

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk—deposits. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 102% of the uninsured deposits.

At December 31, 2025 and 2024, the carrying amounts of the District's deposits were ($216,232) and ($44,034), and the bank balances were $34,142 and $50,997 respectively. All of the total bank balances at December 31, 2025 and 2024 were covered by FDIC insurance.

Investments

The District is authorized by Colorado statutes to invest in the following:

- Bonds and other interest-bearing obligations of the United States government.
- Bonds and other interest-bearing obligations which are guaranteed by the United States government.
- Bonds which are a direct obligation of the State of Colorado, or of any city, county or school district therein.
- Notes or bonds issued to the "National Housing Act".
- Repurchase agreements.
- Local government investment pools.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits its investment portfolio to investment maturities not to exceed five years from the date of purchase.

Credit Risk: The District's investment policy limits investments as described above. As of December 31, 2025, the District's U.S. Treasuries and Agencies were rated AAA, by Moody's Investor Services, and all other investments were rated AAA.

As of December 31, 2025 the District had the following investments and maturities:

		Investment Maturities			
Investment Type	Fair Value	Less Than 90 Days	90 Days to 1 Year	1 to 2 Years	2 to 5 Years
Money Market Funds	$ 1,142,854	$ 1,142,854	$ -	$ -	$ -
COLOTRUST	86,736	86,736	-	-	-
U.S. Agencies	3,352,794	1,001,199	2,351,595	-	-
ST Notes	998,722	998,722	-	-	-
Total	$ 5,581,106	$ 3,229,511	$ 2,351,595	$ -	$ -

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2025, the District has invested $86,736 in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to $1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

Reconciliation of Deposits and Investments to the Statements of Net Position

	2025	2024
Cash and cash equivalents:		
Cash on hand	$ 100	$ 100
Deposits	(216,232)	(44,034)
Money Market Funds	1,142,854	780,611
COLOTRUST	86,736	83,069
	$ 1,013,458	$ 819,746
Investments:		
U.S. Treasuries	$ 3,352,794	$ -
U.S. Agencies	-	1,018,935
Commercial Paper	998,722	2,475,524
	$ 4,351,516	$ 3,494,459

NOTE 4 – FAIR VALUE MEASUREMENT

The District records assets and liabilities in accordance with GASB 72, which establishes general principles for measuring fair value, provides additional fair value application guidance and enhances disclosures about fair value measurements.

GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique. As a basis for considering market participant assumptions in fair value measurements, GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Investments classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Investments - unrestricted				
U.S. Treasury Notes	$ -	$ 3,352,794	$ -	$ 3,352,794
Agency Notes	-	-	-	-
Commercial Paper	-	998,722	-	998,722
Total Investments - unrestricted	$ -	$ 4,351,516	$ -	$ 4,351,516

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Investments - unrestricted				
U.S. Treasury Notes	$ -	$ -	$ -	$ -
Agency Notes	-	1,018,935	-	1,018,935
Commercial Paper	-	2,475,524	-	2,475,524
Total Investments - unrestricted	$ -	$ 3,494,459	$ -	$ 3,494,459

NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 54,126	$ 166,665	$ -	$ 220,791
Construction in progress	42,156,155	228,523	(42,384,678)	-
Total capital assets not being depreciated	42,210,281	395,188	(42,384,678)	220,791
Capital assets being depreciated:				
Buildings and lagoon	999,350	-	-	999,350
Sanitation plant	4,245,195	42,413,133	-	46,658,328
Sewer main	1,344,523	-	(759)	1,343,764
Equipment	1,802,760	21,203	(3,241)	1,820,722
Total capital assets being depreciated	8,391,828	42,434,336	(4,000)	50,822,164
Less accumulated depreciation	(6,848,075)	(283,855)	4,000	(7,127,930)
Total capital assets being depreciated, net	1,543,753	42,150,481	-	43,694,234
Total capital assets, net	$ 43,754,034	$ 42,545,669	$ (42,384,678)	$ 43,915,025

NOTE 6 - LONG-TERM LIABILITIES

CWRPDA 2018 Loan

On November 1, 2018, the District entered into a loan agreement with Colorado Water Resource & Power Development Authority in the sum of $14,606,528. Principal and interest are payable semi-annually with interest at 2.34%. This loan is to be repaid from and secured by a pledge of net revenues.

CWRPDA 2020 Loan

On May 1, 2020, the District entered into a loan agreement with Colorado Water Resource & Power Development Authority in the sum of $14,610,008. Principal and interest are payable semi-annually with interest at 1.75%. This loan is to be repaid from and secured by a pledge of net revenues.

S. Mackey 2024 Loan

On June 18, 2024, the District entered into a loan agreement with Shena Lavone Mackey in the sum of $166,665. Principal and interest are payable annually with interest at 5%. This loan is to be repaid from and secured by a pledge of net revenues.

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Annual debt service for the loans are as follows:

	Governmental Activities	
Fiscal Year Ending June 30	Principal	Interest
2026	$ 1,092,185	$ 467,393
2027	1,114,129	442,976
2028	1,131,107	419,059
2029	1,158,776	395,893
2030	1,142,140	373,226
2031 – 2035	5,942,392	1,634,205
2036 – 2040	6,487,592	1,095,603
2041 – 2045	2,744,018	462,810
2046 – 2049	2,434,045	135,480
Total	$ 23,246,384	$ 5,426,645

Compensated absences

Compensated absences consisted of the following:	2025	2024
Sick leave benefits	$ 229,613	$ 203,256
Vacation benefits	64,943	63,316
Total	$ 294,556	$ 266,573

The changes in long-term liabilities for the year ended December 31, 2025 were as follows:

	Beginning Balance	Debt Issued And Additions	Reductions	Ending Balance	Due Within One year
Loans	$ 24,143,882	$ 166,665	$ (1,064,163)	$ 23,246,384	$ 1,092,185
Compensated Absences	266,573	129,298	(101,315)	294,556	26,746
Total long-term liabilities	$ 24,410,455	$ 295,963	$ (1,165,478)	$ 23,540,940	$ 1,118,931

NOTE 7 – NET POSITION

Net position is reported in three separate categories—net investment in capital assets; net position-restricted; and net position-unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation and capital-related deferred outflows of resources; reduced by borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025 and 2024, net investment in capital assets was as follows:

	2025	2024
Capital assets, net of depreciation	$ 43,915,025	$ 43,754,034
Capital related debt	(23,246,384)	(24,143,882)
Remaining project cash	10,000	10,000
Net investment in capital assets	$ 20,678,641	$ 19,620,152

Net position-restricted is the difference between non-capital assets whose use is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation, and related liabilities and deferred inflows of resources (excluding capital-related borrowings). The District has established an Emergency Reserve in the amount of $37,517 for years ended December 31, 2025 and 2024, as per Article X, Section 20 of the Colorado Constitution. This Emergency Reserve balance represents at least 3% of the governmental fiscal year spending as required.

Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is automatically classified as net position-unrestricted.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN

Pension Plan

Plan Description

The District contributes to the Colorado Retirement Association Retirement Plan (Retirement Plan), a cost-sharing multiple-employer defined contribution pension plan administered by the Colorado Retirement Association (CRA) formerly the Colorado County Officials and Employees Retirement Association (CCOERA). The CRA provides pension benefits and deferred compensation for members and beneficiaries. The plan was adopted by the District on November 17, 1969, with a start date of December 1969. All employees are required to participate upon eligibility as a condition of employment. Employees regularly employed for a minimum of 20 hours per week for 5 months a year and having completed 3 months of service, are eligible for the plan. The plan was established by the State Legislature under Title 24, Article 54 of the Colorado Revised Statues (CRS), as amended. CRA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Retirement Plan. That report may be obtained by writing to Colorado Retirement Association, 751 Southpark Drive, Littleton, Colorado 80120 or by calling CRA at 720-493-5000 in the Denver metro area, or 1-(800) 352-0313 from outside the metro area.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)

Funding Policy

Plan members and the District are required to contribute at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 54, Part 101 of the CRS, as amended. The District is required to contribute a minimum of 3% of the participant's base salary or wage. The District's board approved rate is 4% of compensation. Participants are required to contribute an amount equal to the District's contribution. A participant may elect to make additional after tax contributions up to certain statutory limits. Employees are immediately vested in their own contributions and investment earnings. Employees vest in District contributions and in the earnings, losses, and changes in fair value of retirement plan assets at rates ranging from 10% per year to immediately. Any District contribution forfeited by a participant due to termination of employment before becoming fully vested is available to the District to offset against future contributions or to be allocated to remaining participants. Total required contributions made by both the District and participants for the years ending December 31, 2025, 2024 and 2023 were $32,868, $29,591, and $43,119. Employees also made additional contributions for the years ending December 31, 2025, 2024 and 2023 of $17,670, $15,071, and $17,652. No material liability exists as of the report date.

NOTE 9 - RELATED PARTIES

The Security Sanitation District and Security Water District are separate accounting districts and have separate boards of directors. Historically Management and office expenses have been divided equitably between the two Districts. As of 2024 the Board passed resolution W-2024-01-2 effective January 1, 2024 to reallocate the common expenses shared between Security Sanitation District and Security Water District. The office space used by the Security Sanitation District is owned by the Security Water District. The Security Sanitation District paid $960 for the rent of this space during 2025 and 2024.

The Security Sanitation District is in the process of completing substantial improvements to its Wastewater Treatment Plan ("WWTP") in order to meet CDPHE water quality requirements for wastewater discharge to Fountain Creek. The WWTP was substantially completed during 2024, but incurred cost overruns of approximately $2,000,000. These cost overruns exceed the present financial capability of the Sanitation District for the timely completion of the WWTP improvements. To cover additional cost related to the WWTP project the Board approved Resolution W-2024-01-3 effective January 1, 2024 whereas Security Water District was able to commit $1,500,000 of their reserves as a Temporary Reserve Commitment for the use by Security Sanitation District as needed to complete the WWTP improvements. As of December 31, 2025, it has not been necessary to transfer any funds under this arrangement.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims have not exceeded insurance coverage during any of the last three fiscal years.

NOTE 11 - AMENDMENT TO COLORADO CONSTITUTION

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 entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance. For the required Emergency Reserve balances as of December 31, 2025 and 2024, see Note 7 – Net Position.

NOTE 12 – CORRECTION OF AN ERROR

During fiscal year ended December 31, 2025, the District discovered that capital assets and accounts payable balances were overstated by $588,445 in its previously issued 2024 financial statements due to a duplicate invoice being recorded as payable at year end. The error correction resulted in a restatement of construction in process and accounts payable balances as of December 31, 2024, there was no effect on beginning net position.

The following line items from the Statement of Net Position for the year ended December 31, 2024, were restated:

Financial Statement Line Item	As Previously Reported	Adjustment	As Restated
Statement of Net Position:			
Construction in progross	$ 44,342,479	$ (588,445)	$ 43,754,034
Accounts payable	(909,977)	588,445	(321,532)
December 31, 2024, as restated	$ 43,432,502	$ -	$ 43,432,502

SUPPLEMENTARY INFORMATION

SECURITY SANITATION DISTRICT
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	**2024**
Pumping and treatment:		
Production payroll	$ 1,019,193	$ 911,903
Production cost	394,478	419,680
Insurance expense	375,192	329,207
Professional services	7,100	8,710
Trade services	11,794	5,958
TOTAL PUMPING AND TREATMENT	1,807,757	1,675,458
Waste disposal:		
Production cost	195,948	199,423
Professional services	39,576	19,364
TOTAL WASTE DISPOSAL	235,524	218,787
Maintenance:		
Truck expense	30,472	40,689
Equipment and maintenance	146,138	249,273
TOTAL MAINTENANCE	176,610	289,962
Administration and general:		
Office payroll	7,529	13,802
Office expense	78,358	71,504
Professional services	83,123	81,295
Trade services	5,813	8,883
Collection expense	37,271	37,689
Temporary Office Labor	-	3,414
TOTAL ADMINISTRATION AND GENERAL	212,094	216,587
DEPRECIATION	283,855	205,023
TOTAL OPERATING EXPENSES	$ 2,715,840	$ 2,605,817

See accompanying independent auditors' report.

SECURITY SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2025
(With comparitive actuals for the year ended December 31, 2024)

	2024	2025	Budget	Variance Favorable (Unfavorable)
REVENUES				
Beginning fund balance	$ 4,953,057	$ 4,013,097	$ 8,619,742	$ (4,606,645)
Sanitation assessments	4,537,896	5,106,603	5,150,000	(43,397)
Other	13,139	19,954	37,500	(17,546)
General property taxes	134,048	125,266	125,428	(162)
S.O.T. Taxes	11,730	12,039	12,000	39
Investment income	246,715	182,849	285,000	(102,151)
Tap fees	9,224	139,833	185,000	(45,167)
Insurance proceeds	64,917	-	-	-
Loan proceeds	-	166,665	-	166,665
Proceeds from sale of capital assets	-	-	1,000	(1,000)
TOTAL REVENUES	9,970,726	9,766,306	14,415,670	(4,649,364)
EXPENDITURES				
Production Payroll and Payroll Taxes	915,317	1,019,193	991,300	(27,893)
Production cost:				
Supplies and tools	689	2,350	10,000	7,650
Electricity	224,037	214,164	278,000	63,836
Natural gas	42,114	26,628	67,000	40,372
Communication	24,228	26,844	31,500	4,656
Water	9,971	10,435	10,000	(435)
Uniforms	9,883	3,733	10,000	6,267
Air Filters	391	905	10,000	9,095
Chemical/polymer	108,367	109,419	150,000	40,581
Sludge removal	99,037	90,154	140,000	49,846
Laboratory testing & supplies	100,386	105,795	120,000	14,205
Total Production Cost	619,103	590,427	826,500	236,073
Truck expense:				
Repairs and maintenance	31,661	18,243	45,000	26,757
Gas and oil	9,028	12,229	16,000	3,771
Total Truck Expense	$ 40,689	$ 30,472	$ 61,000	$ 30,528

See accompanying independent auditors' report.

SECURITY SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2025
(With comparitive actuals for the year ended December 31, 2024)

	2024	2025	Budget	Variance Favorable (Unfavorable)
EXPENDITURES (continued)				
Equipment and maintenance:				
Repairs and maintenance	$ 213,033	$ 129,982	$ 130,000	$ 18
Small tools and supplies	32,915	12,302	23,600	11,298
Building: office and warehouse	3,325	3,854	2,000	(1,854)
Total Equipment and Maintenance	249,273	146,138	155,600	9,462
Office Payroll, Payroll Taxes and Directors Fees	13,802	7,529	14,500	6,971
Office expense:				
Supplies	7,454	13,359	8,000	(5,359)
Miscellaneous office expenses	31,610	26,699	30,000	3,301
Lease	960	960	960	-
Equipment maintenance	16,930	24,434	19,000	(5,434)
Bank charges	14,550	12,906	18,000	5,094
Total Office Expense	71,504	78,358	78,460	102
Insurance:				
Liability and errors/omissions	112,227	125,563	130,000	4,437
Health	196,917	227,406	263,000	35,594
Workman's compensation	17,363	17,823	20,000	2,177
PEPSCO	2,700	2,900	4,000	1,100
Damages/deductibles	-	1,500	5,000	3,500
Total Insurance	$ 329,207	$ 375,192	$ 422,000	$ 46,808

See accompanying independent auditors' report.

SECURITY SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2025
(With comparitive actuals for the year ended December 31, 2024)

	2024	2025	Budget	Variance Favorable (Unfavorable)
EXPENDITURES (continued)				
Professional services:				
Audit	$ 17,800	$ 18,500	$ 19,000	$ 500
Legal	37,490	21,966	38,000	16,034
Engineering	11,006	31,457	35,000	3,543
Pretreatment	8,710	7,100	7,500	400
Stream discharge fees	8,358	8,118	13,000	4,882
Other professional services	26,005	42,657	40,000	(2,657)
Total Professional Services	109,369	129,798	152,500	22,702
Trade services:				
Dues and membership	8,883	5,813	10,000	4,187
Schools and conventions	5,958	11,794	12,000	206
Total Trade Services	14,841	17,607	22,000	4,393
Collection expense:				
Advertising	2,971	2,307	1,200	(1,107)
Postage	26,196	27,305	33,000	5,695
Tax collection fees	2,011	1,881	2,500	619
Billing expense	6,511	5,778	10,000	4,222
Total Collection Expense	37,689	37,271	46,700	9,429
Debt service:				
Principal on loan	1,007,337	1,064,163	1,030,830.00	33,333
Interest expense	496,746	482,580	483,476.00	896
Total Debt Service	1,504,083	1,546,743	1,514,306	34,229
Capital outlay	2,052,752	444,846	615,833.00	170,987
TOTAL EXPENDITURES	$ 5,957,629	$ 4,423,574	$ 4,900,699	$ 543,791

See accompanying independent auditors' report.

SECURITY SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2025
(With comparitive actuals for the year ended December 31, 2024)

	2024	2025	Budget	Variance Favorable (Unfavorable)
EXCESS OF REVENUE OVER EXPENDITURES	$ 4,013,097	$ 5,342,732	$ 9,514,971	$ (4,105,573)
Less:				
Depreciation	(205,023)	(283,855)		
Insurance proceeds	(64,917)	-		
Loan proceeds	-	(166,665)		
Beginning fund balance	(4,953,057)	(4,013,097)		
Add:				
Gain (loss) on disposal of capital assets	57,376	-		
Principal paid on loan	1,007,337	1,064,163		
Capital outlay	2,052,752	444,846		
CHANGE IN NET POSITION	$ 1,907,565	$ 2,388,124		

Ending fund balance is calculated as follows:

	2024	2025
Current assets	4,932,667	6,051,770
Current liabilities	(1,578,402)	(1,404,373)
Current portion - loan payable	1,030,830	1,092,185
Compensated absences	(246,770)	(267,810)
Deferred inflows	(125,228)	(129,040)
	$ 4,013,097	$ 5,342,732

See accompanying independent auditors' report.

SECURITY SANITATION DISTRICT
SCHEDULE OF BUDGET SOURCES AND USES (NON-GAAP)
GOVERNMENT & ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual	General Fund	Enterprise Fund
Budget sources:			
Sanitation assessments	$ 5,106,603	$ -	$ 5,106,603
General property taxes	125,266	125,266	-
S.O.T. Taxes	12,039	12,039	-
Investment income	182,849	-	182,849
Tap fees	139,833	-	139,833
Loan Proceeds	166,665	-	166,665
Other	19,954	-	19,954
TOTAL BUDGET SOURCES	5,753,209	137,305	5,615,904
Budget uses:			
Production payroll	1,019,193	-	1,019,193
Production costs	590,427	3,212	587,215
Truck	30,472	306	30,166
Equipment and maintenance	146,138	-	146,138
Office payroll	7,529	3,765	3,764
Other office expense	78,358	78,358	-
Insurance	375,192	-	375,192
Professional services	129,798	83,123	46,675
Trade services	17,607	5,813	11,794
Collection	37,271	29,186	8,085
Debt service	1,546,743	-	1,546,743
Capital outlay	444,846	-	444,846
TOTAL BUDGET USES	4,423,574	203,763	4,219,811
BUDGET SOURCES OVER USES	$ 1,329,635	$ (66,458)	$ 1,396,093

See accompanying independent auditors' report.