WESTRIDGE SANITATION DISTRICT

Financial Statements

Year Ended December 31, 2025

with

Independent Auditors' Report

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SIMMONS & WHEELER, P.C. Certified Public Accountants
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Independent Auditors' Report

Board of Directors
Westridge Sanitation District
Jefferson County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the Westridge Sanitation District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In 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 Westridge Sanitation District as of December 31, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events,considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and legal compliance 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.

Simmons & Wheeler P.C.

Highlands Ranch, CO
August 18, 2026

WESTRIDGE SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended December 31, 2025

The management of Westridge Sanitation District ("District") offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2025.

With the implementation of Governmental Accounting Standards Board Statement 34, a government's presentation of financial statements focuses on the government as a whole (government-wide) and on the major individual funds. Both perspectives allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and should enhance the readers' understanding of the District's financial condition.

Financial Highlights

- Total assets increased by $832,604 primarily due to an increase in capital assets additions net of depreciation.
- Total liabilities decreased by $37,878 primarily due to a decrease in accounts payable.
- Total deferred inflows of resources increased by $40,964 due to a increase in assessed value.
- Total net position increased in 2025 by $487,750 primarily due to higher revenues over expenses.
- Total revenues decreased by $38,641 primarily due to a decrease in fees and property taxes received.
- Total expenses increased by $24,951 primarily due to an increase in administrative costs.
- Total capital additions during 2025 were $331,782.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements, presented on pages 1-16 are comprised of government-wide financial statements, fund financial statements, and notes to financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements give readers a broad overview of the entire District's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. These statements include the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position*.

The *Statement of Net Position* presents information on all of the District's (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The government-wide financial statements distinguish functions of the District that are typically supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all of or a significant portion of their costs through user fees and charges (*Business-type Activities*). The District has only the business-type activity of providing sanitation services and receives property taxes as Nonoperating revenues.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information that reflects how the District's net position changed during the most recent fiscal year. All changes in the 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 statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* reports the District's cash flows from operating, non-capital financing, capital and investing activities.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The *Notes to Financial Statements* can be found on pages 4-14 of this report.

Government-wide Financial Analysis

In order to enhance the analysis of the District's finances at the government-wide level, the information presented here includes a comparison of prior year data.

The *Statement of Net Position* and reviews of changes in assets, liabilities, deferred inflows and net position are condensed with comments and presented as follows:

	2025	2024
Current assets	$ 4,787,567	$ 4,090,837
Capital assets (net of depreciation)	2,514,447	2,378,573
Total assets	7,302,014	6,469,410
Current liabilities	30,410	68,288
Total liabilities	30,410	68,288
Deferred inflows of resources	861,073	820,109
Total deferred inflows of resources	861,073	820,109
Net investment in capital assets	2,514,447	2,378,573
Restricted - emergency reserve	22,583	22,361
Unrestricted	3,873,501	3,521,847
Total net position	$ 6,410,531	$ 5,922,781

The District's assets exceeded its liabilities and deferred inflows of resources by $6,410,531 (net position). The restricted portion of net position represents emergency reserves as required by state statute. Net investment in capital assets represents the acquisition of capital assets for the provision of the sanitary sewer services. Due to the nature of these assets (long-term assets, which are not readily convertible to liquid assets) they are not considered to be available for spending or appropriation. The unrestricted portion of net assets represents funds available to cover capital improvements as well as general operating and sewer maintenance-related expenses in future years.

Changes in Net Position

As taken from the *Statement of Revenues, Expenses and Changes in Net Position* in the basic financial statements, the following table depicts the changes in net position for the fiscal year 2025:

Revenues - The majority of the District's revenues were realized from property taxes and facilities renovation fees.

Expenses - The District's government-wide total expenses were mainly from general government operations and facilities renovation expenses related to providing the sanitary sewer system.

Capital Asset Activity

The main activity related to capital assets during 2025 was an expenditure of $331,782 for required expansion of District sanitary sewer capacity.

As of the end of 2025, the District had invested primarily in assets for the sanitary sewer in the Enterprise Fund. Additional information on the District's capital assets can be found in Note 3 of this report.

	2025	2024
Operating revenues	$ 8,700	$ 12,400
Non-operating revenues	1,439,723	1,474,664
Total revenues	1,448,423	1,487,064
Operating expenses	948,672	745,360
Non-operating expenses	12,001	190,722
Total expenses	960,673	936,082
Change in net position	487,750	550,982
Total net position - beginning of year	5,922,781	5,371,799
Total net position - end of year	$ 6,410,531	$ 5,922,781

Financial Analysis of Governmental Funds

The accounts of the District are organized into more detailed information about the District's most significant funds. Funds are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives.

Proprietary funds - These funds are used to account for business-type activities and are measured similar to commercial business accounting. The District uses Enterprise Funds to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation and amortization) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The District currently uses this type of fund for its Sanitation Enterprise Fund.

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of operations, non-operating revenue, and contributions. Capital contributions of tap fees and depreciation are not reflected on the budget since they do not affect "funds available". This budgetary accounting is required by State statutes.

Next Year's Budget

The District has appropriated $1,452,505 for spending in the 2026 fiscal year for the Sanitation Enterprise Fund for general operating and ongoing operations of the sanitary sewer system, as well as for increasing capacity for future development. These expenditures will be funded from property taxes, sanitary sewer service fees, interest income and connection charges.

Economic and Other Factors

The District's primary source of revenue is expected to be property taxes and specific ownership taxes, which will be imposed upon all of the property within the service area of the District. The District also charges a sanitary sewer service fee which is used to fund reserves for sanitary sewer renovations. The single-family residence rate at January 1, 2025, was $37.50 per quarter. As of 2026, there was an increase to the single-family residence rate per quarter to $40.

The District has entered into an intergovernmental agreement with Metro Wastewater Reclamation District for the treatment of all District wastewater. The District is billed quarterly for these services, with the amount varying based on monitored prior years' usage. Each year's billing may reflect adjustments for up to two prior years' services.

Request for Information

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

Westridge Sanitation District
3705 Kipling Street, Suite 101
Wheat Ridge, CO 80033

WESTRIDGE SANITATION DISTRICT

STATEMENT OF NET POSITION

December 31, 2025

ASSETS	
CURRENT ASSETS	
Cash and deposits	$ 1,654,370
Cash and deposits - reserved	2,233,417
Receivable - county treasurer	4,345
Accounts receivable - service charges	17,533
Accounts receivable - City of Wheat Ridge	5,957
Property taxes receivable	861,073
Prepaid expenses	10,872
Total Current Assets	4,787,567
CAPITAL ASSETS	
Sewer collection system	5,672,817
Office furniture and equipment	30,112
Accumulated depreciation	(3,188,482)
Capital assets, net of accumulated depreciation	2,514,447
Total Assets	7,302,014
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	32,403
Payroll taxes payable	245
Deposits	(2,238)
Total Liabilities	30,410
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	861,073
Total Deferred Inflows of Resources	861,073
NET POSITION	
Net investment in capital assets	2,514,447
Restricted for:	
Emergency reserve	22,583
Unrestricted:	3,873,501
Total Net Position	$ 6,410,531

The notes to the financial statements are an integral part of these statements.

WESTRIDGE SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Year Ended December 31, 2025

OPERATING REVENUES		
Inspection fees	$	7,950
License fees		750
Total Operating Revenues		8,700
OPERATING EXPENSES		
Sewer treatment charges - Metro		410,685
Sewer treatment charges - NWLSD		4,000
Line repairs and maintenance		58,869
Sewer line video examinations		36,509
Engineering		54,989
Sewer locates		48,373
Directors' fees		5,100
Payroll taxes		390
Rent		12,000
Office supplies		14,575
Telephone and internet		3,566
Audit		7,500
Management and accounting		48,000
Insurance		6,991
Legal		38,536
Miscellaneous expense		1,712
Seminars and dues		970
Total Operating Expenses		752,765
INCOME (LOSS) BEFORE DEPRECIATION		(744,065)
Depreciation		195,907
INCOME (LOSS) FROM OPERATIONS		(939,972)
NON-OPERATING REVENUES (EXPENSES)		
Property taxes		799,372
Specific ownership taxes		56,702
Sanitary sewer service fees		405,397
Interest income		170,227
Transfer Fees		3,625
Miscellaneous income		4,400
Treasurer's fees		(12,001)
Non-Operating Revenues (Expenses)		1,427,722
NET INCOME - CHANGE IN NET POSITION		487,750
NET POSITION:		
BEGINNING OF YEAR		5,922,781
END OF YEAR	$	6,410,531

The notes to the financial statements are an integral part of these statements.

WESTRIDGE SANITATION DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	$ 8,700
Payments to suppliers	(779,105)
Payments to directors, employee and related expenses	(5,536)
Net Cash Provided (Required) by Operating Activities	(775,941)
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Net ad valorem taxes	844,301
Miscellaneous income	4,400
Net Cash Provided by Noncapital Financing Activities	848,701
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Sanitary sewer service fees	405,397
Payments for constructing capital assets	(331,782)
Net Cash Provided by Capital and Related Financing Activities	73,615
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	170,227
Net Cash Provided by Investing Activities	170,227
NET INCREASE IN CASH AND CASH EQUIVALENTS	316,602
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,232,862
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,549,464

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	
Net income (loss) from operations	$ (939,972)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	
Depreciation	195,907
Changes in Assets and Liabilities:	
Accounts receivable	8,414
Accounts payable / deposits	(37,832)
Payroll taxes payable	(46)
Prepaid expenses	(2,412)
Net Adjustments	164,031
NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	$ (775,941)

The notes to the financial statements are an integral part of these statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Westridge Sanitation District, located in Wheat Ridge, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units accounted for as a proprietary enterprise fund. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District is a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act. The District was established on May 20, 1953, to provide sewer services to the citizens of the District. The District's primary revenues are property taxes, sewer treatment charges and sanitary sewer service fees. The District's service area is located in Wheat Ridge, Colorado. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

The District has no employees, and all operations and administrative functions are contracted.

Basis of Presentation
The accompanying financial statements are presented per GASB No. 34.

The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

Major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation
The 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 the related cash flow. Property taxes are recognized as revenues in the year for which they are collected.

The District reports the following major proprietary fund:

> *Sanitation Enterprise Fund* – The Sanitation Enterprise Fund accounts for the operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Sanitation Enterprise Fund accounts for the operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgetary Accounting
Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

Statement of Cash Flows
For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2025, the District incurred no noncash activities.

Assets, Liabilities, and Net Position:

Fair Value of Financial Instruments
The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and investments
The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit flexibility.

Estimates
The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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. The District has no items that qualify for reporting in this category.

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. The District only has one type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Debt Authorization

As of December 31, 2025, the District had no authorized or unissued indebtedness.

Contributed Capital

The District records tap fees and contributed sewer lines at the developers' cost as contributed capital. The District has agreements with developers whereby extensions to existing sewer lines are constructed and funded by the developer and then donated to the District.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the "straight-line" method over the following estimated useful lives:

Sewer system	40 years
Office furniture and equipment	7 years

Property Tax

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 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

The restricted net position in the Sanitation Enterprise Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $22,583 of the net position has been restricted in compliance with this requirement.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures (Statement 102). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

Note 2: Cash and Deposits

As of December 31, 2025, cash and deposits are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and equivalents	$ 1,654,370
Cash and equivalents – Reserved	2,233,417
Total	$ 3,887,787

The reserved cash is the accumulation of excess Sanitary Sewer Fess which are placed in the Facilities Renovation Fund (see Note 6).

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

Deposits with financial institutions	$ 128,642
Investments - COLOTRUST	3,759,145
	$ 3,887,787

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District has adopted a formal policy for deposits and investments. The policy follows, or is more restrictive than, current Colorado statutes. None of the District's deposits were exposed to custodial credit risk.

Investments:

Credit risk
The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk
None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk
Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation
Certain investments are measured at fair value 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; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

The District has the following recurring fair value measurements as of December 31, 2025:

COLOTRUST
The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of $1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies,

highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.
Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2025, the District had $3,759,145 invested in COLOTRUST.

Note 3: Capital Assets

An analysis of changes in capital assets for the year ended December 31, 2025, follows:

Business Type Activities:	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Capital assets being depreciated:				
Sewer collection system	$ 5,341,035	$ 331,782	$ -	$ 5,672,817
Office furniture and equipment	30,112	-	-	30,112
Total capital assets being depreciated	5,371,147	331,782	-	5,702,929
Less accumulated depreciation for:				
Sewer collection system	(2,962,462)	(195,907)	-	(3,158,369)
Office furniture and equipment	(30,113)	-	-	(30,113)
Total accumulated depreciation	(2,992,575)	(195,907)	-	(3,188,482)
Business type assets, net of depreciation	$ 2,378,572	$ 135,875	$ -	$ 2,514,447

Depreciation expense for the year ended December 31, 2025, was charged to sewer operations in the amount of $195,907.

Note 4: District Commitments – Service Agreements

The District has an agreement with Northwest Lakewood Sanitation District ("NWLSD") whereby the District reimburses NWLSD for servicing customers within the District's boundaries and NWLSD reimburses the District for servicing customers of NWLSD.

The Metro Wastewater Reclamation District ("Metro"), (formerly known as Metropolitan Denver Sewage Disposal District No. 1 or MDSDD), has a contract with the District for the disposal of the District's sewage. In addition, the District collects Metro tap connection fees for new connections, which are remitted to Metro.

Note 5: District Commitments – Lease Agreement

On May 1, 2006, the District entered into a lease agreement with for the rental of the District's office space on Kipling Street. The lease is subject to annual renewal by the District by its annual appropriation of sufficient funds to satisfy the rent obligations. If funds are not appropriated, the lease terminates on December 31st of the current fiscal year. The current monthly lease payments are $1,000 for a total lease of $12,000 for January 1, 2025 – December 31, 2025.

Note 6: Facilities Renovation Fund

The District adopted a resolution in December 2002 establishing a Facilities Renovation Fund to be used to finance the renovation of the District's aging sanitary sewer system. A Facilities Renovation fee of $12.36 per quarter was imposed on all properties within the District that are connected to the District's wastewater collection system. The quarterly Sewer Service Charge of $12.36 billed in prior years expired at the end of 2002. In 2004, the Resolution was amended to allow the revenue collected to also be used for operations and maintenance expenses and the fee was renamed and is now known as the "Sanitary Sewer Service Fee". The revenues collected by the Sanitary Sewer Service Fees are separately tracked and accounted for by the District. During 2025, the District recognized net collection of fees of $(2,014) as this year's renovation expenses exceeded the revenue.

Note 7: Tax Spending and Debt Limitations

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

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an Enterprise will require judicial interpretation. Internally, the District maintains its records in two funds – the General Fund and the Enterprise Fund.

On November 8, 2000, a majority of the District's electors authorized the District to collect and spend or retain all annual District revenue without regard to any limitations under this amendment.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

SUPPLEMENTAL INFORMATION

WESTRIDGE SANITATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS) -
SANITATION ENTERPRISE FUND
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Sanitary sewer service fees	$ 402,300	$ 405,397	$ 3,097
Inspection fees	15,000	7,950	(7,050)
License fees	1,500	750	(750)
Connection charges - Metro	-	5,520	5,520
Property taxes	820,109	799,372	(20,737)
Specific ownership taxes	50,000	56,702	6,702
Interest income	5,000	170,227	165,227
Transfer Fees	150,000	3,625	(146,375)
Miscellaneous income	-	4,400	4,400
Total Revenues	1,443,909	1,453,943	10,034
EXPENDITURES			
Sewer treatment charges - Metro	504,493	410,685	93,808
Sewer treatment charges - NWLSD	5,000	4,000	1,000
Connection fees - Metro	-	5,520	(5,520)
Line repairs and maintenance	90,000	58,869	31,131
Sewer line video examinations	77,500	36,509	40,991
Engineering	56,000	54,989	1,011
Sewer locates	40,000	48,373	(8,373)
Directors' fees	7,000	5,100	1,900
Payroll taxes	500	390	110
Rent	12,000	12,000	-
Computer consultant	500	-	500
Office supplies	15,000	14,575	425
Telephone and internet	3,500	3,566	(66)
Audit	7,750	7,500	250
Advertising	100	-	100
Management and accounting	48,000	48,000	-
Insurance	7,000	6,991	9
Legal	40,000	38,536	1,464
Election expense	1,000	-	1,000
Website	1,500	-	1,500
Miscellaneous expense	2,500	1,712	788
Seminars and dues	1,200	970	230
Treasurer's fees	12,712	12,001	711
Capital expenditures	350,000	331,782	18,218
Contingency	150,000	-	150,000
Emergency reserve	26,200	-	26,200
Total Expenditures	1,459,455	1,102,068	357,387
Excess (deficiency) of revenues over expenditures	(15,546)	351,875	(347,353)
Funds available - beginning of year	3,459,828	3,215,673	(244,155)
Funds available - end of year	$ 3,444,282	$ 3,567,548	$ 123,266

Funds available is computed as follows:	
Current assets	4,787,567
Current liabilities	(30,410)
Deferred inflows of resources	(861,073)
	$ 3,896,084

The notes to the financial statements are an integral part of these statements.

WESTRIDGE SANITATION DISTRICT

RECONCILIATION OF REVENUES AND EXPENDITURES
BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
SANITATION ENTERPRISE FUND
For the Year Ended December 31, 2025

Excess of revenues over expenditures	$	351,875
Add capital expenditures		331,782
Deduct depreciation		(195,907)
Changes in Net Position per Statement of Revenues, Expenses and Changes in Net Position	$	487,750

The notes to the financial statements are an integral part of these statements.

WESTRIDGE 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 Property Tax Levy	Mills Levied	Total Property Tax Levied	Total Property Tax Collected	Percent Collected to Levied
2006	$ 47,092,630	8.028	$ 378,060	$ 377,613	99.88%
2007	$ 47,438,620	8.028	$ 380,837	$ 378,886	99.49%
2008	$ 50,520,980	8.028	$ 405,582	$ 405,300	99.93%
2009	$ 50,679,520	8.030	$ 406,957	$ 405,764	99.71%
2010	$ 49,673,520	8.050	$ 399,872	$ 399,371	99.87%
2011	$ 50,257,410	8.028	$ 403,466	$ 399,025	98.90%
2012	$ 47,625,310	8.028	$ 382,336	$ 380,713	99.58%
2013	$ 47,711,754	8.028	$ 383,030	$ 382,876	99.96%
2014	$ 49,652,778	8.028	$ 398,613	$ 397,725	99.78%
2015	$ 49,725,159	8.028	$ 399,194	$ 399,232	100.01%
2016	$ 60,194,471	8.028	$ 483,241	$ 476,966	98.70%
2017	$ 61,400,435	8.028	$ 492,923	$ 480,445	97.47%
2018	$ 71,523,284	8.028	$ 574,189	$ 551,470	96.04%
2019	$ 71,979,741	8.068	$ 580,732	$ 561,361	96.66%
2020	$ 76,938,748	8.028	$ 617,664	$ 595,184	96.36%
2021	$ 77,101,946	8.028	$ 618,974	$ 595,598	96.22%
2022	$ 86,936,608	8.028	$ 697,927	$ 679,713	97.39%
2023	$ 84,403,112	8.028	$ 677,588	$ 659,895	97.39%
2024	$ 102,782,743	8.028	$ 825,140	$ 828,908	100.46%
2025	$ 102,156,104	8.028	$ 820,109	$ 799,372	97.47%
Estimated for year ending December 31, 2026	$ 107,258,677	8.028	$ 861,073		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.