WHEAT RIDGE SANITATION DISTRICT

Financial Statements

With

Independent Auditor's Report

December 31, 2025 and 2024

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 3

BASIC FINANCIAL STATEMENTS

Statements of Net Position 7

Statements of Revenues, Expenses, and Changes in Net Position 8

Statements of Cash Flows 9

Notes to Financial Statements 10

SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – Non-GAAP Basis 18

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wheat Ridge Sanitation District

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wheat Ridge Sanitation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

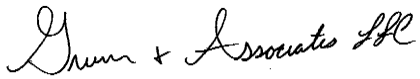
In performing an audit in accordance with generally accepted auditing standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wheat Ridge 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 Wheat Ridge 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 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 Wheat Ridge Sanitation District's basic financial statements. The budgetary comparison schedule – Non-GAAP basis, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Non-GAAP Basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Fort Collins, Colorado
September 28, 2026

Management's Discussion and Analysis

WHEAT RIDGE SANITATION DISTRICT
7100 W. 44th Ave., #104
Wheat Ridge, CO 80033

Management's Discussion and Analysis

Introduction

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

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

Overview of the Financial Statements of the District

The audited financial statements of the District are:

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

These statements start on page 7. These and the Other Supplementary Information, *Budgetary Comparison Schedule* and *Schedule of Expenses by Function*, as listed in the table of contents, provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

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

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

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

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

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

Condensed Comparative Financial Information:

Statement of Net Position

	2025	2024	2023
Current Assets			
Cash and cash equivalents	$ 3,829,753	$ 3,499,084	$ 5,714,540
Other current assets	855,063	952,808	522,306
Total Current Assets	4,684,816	4,451,892	6,236,846
Non Current Assets			
Capital assets – net	8,857,139	8,810,967	5,210,786
Total Assets	13,541,955	13,262,859	11,447,632
Current Liabilities	335,214	675,461	238,578
Long-term liabilities	-	5,450	16,140
Total Liabilities	335,214	680,911	254,718
Deferred Inflows of Resources	115,333	112,635	111,854
Net Position			
Net investment in capital assets	8,857,139	8,810,967	5,210,786
Restricted	3,467	3,632	3,294
Unrestricted	4,230,802	3,654,714	5,866,980
Total Net Position	$13,091,408	$12,469,313	$11,081,060

Statement of Revenues, Expenses, and Changes in Net Position

	2025	2024	2023
Operating Revenues	$ 3,090,267	$ 3,133,209	$ 2,715,532
Operating Expenses	3,010,364	2,535,914	2,358,549
Operating Income (Loss)	79,903	597,295	356,983
Non Operating Revenues (Expenses)	542,192	790,958	433,031
Change in Net Position	622,095	1,388,253	790,014
Net Position, Beginning of Year	12,469,313	11,081,060	10,291,046
Net Position, End of Year	$ 13,091,408	$ 12,469,313	$ 11,081,060

Statement of Cash Flows

	2025	2024	2023
Cash from (for) Operating Activities	$ 292,286	$ 273,928	$ 378,192
Cash from Non Capital Financing Activities	357,546	479,531	137,174
Cash from (for) Capital and Related Financing Activities	(503,809)	(3,280,342)	(38,381)
Cash from (for) Investing Activities	184,646	311,427	295,857
Increase (Decrease)	330,669	(2,215,456)	772,842
Cash and Cash Equivalents, Beginning of Year	3,499,084	5,714,540	4,941,698
Cash and Cash Equivalents, End of Year	$ 3,829,753	$ 3,499,084	$ 5,714,540

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

Analysis of Financial Position and Operating Results

Net position increased from $12,469,313 in 2024 to $13,091,408 in 2025, a difference of $622,095 due to revenues exceeding expenses by that amount. Non operating revenues relating to connection fees and investment income provided $544,539 of revenue.

For 2025 the District has a net asset reserve for emergencies established under the provisions of TABOR in the amount of $3,467.

Net capital assets increased $309,616 in 2025 due to additions exceeding depreciation by that amount. The District had capital additions of $342,779. The only disposals for the year were fully depreciated office equipment

The District's liabilities at December 31, 2025 decreased $345,697 from those at December 31, 2024 relating primarily to the timing of payments and retainage that was paid.

The District's 2025 operating revenues decreased $42,942 from 2024. The change in revenue is mainly a result of decreased water consumption leading to lower sewer charges and lower connection fees to Metro Water Recovery.

The District's operating expenses increased by $474,450 in 2025. This increase was caused by increased sewer treatment charges and collection costs.

Net 2025 non-operating revenues had a $248,766 decrease due primarily to decreased interest income and tap fees.

Cash Flows

Cash and cash equivalents for 2025 increased $330,669 due primarily to revenue provided by operations and connection fees. Cash and cash equivalents represent approximately 28% of the District's total assets at December 31, 2025.

For more information about these changes in net position, the operating activities, and cash flows see the accompanying audited financial statements beginning on page 7.

Budgetary Discussion
Actual revenues were $746 less than the 2025 budget, primarily due to lower than expected sewer charges.

Actual expenditures were $1,286,582 less than budgeted due to the District not requiring the use of all of the contingency expenditures, lower capital expenditures, and fewer connection fees. The budget was amended in 2025

Capital Asset and Long Term Debt Discussion

The District depreciates its infrastructure assets. See Note 1 of Notes to Financial Statements – *Summary of Significant Accounting Policies* – *Capital Assets* on page 1 and Note 4 of Notes to Financial Statements – Capital Assets on page 16.

The District has no long-term debt.

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

Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be address to the District at 7100 W. 44th Ave., #104, Wheat Ridge, CO 80033.

Basic Financial Statements

Wheat Ridge Sanitation District
Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 3,829,753	$ 3,499,084
Prepaid expenses	19,399	16,997
Accounts receivable	720,331	690,258
Due from Metro Wastewater	-	132,918
Property taxes receivable	115,333	112,635
Total Current Assets	4,684,816	4,451,892
Noncurrent Assets		
Capital Assets		
Nondepreciable		
Construction in progress	-	3,433,875
Depreciable		
Sewer lines, extensions and inclusions	13,366,076	9,589,422
Office equipment	61,805	79,396
Leasehold improvements	2,824	2,824
Right to use lease asset, net of amortization	-	15,572
Total Capital Assets	13,430,705	13,121,089
Less: Accumulated depreciation	(4,573,566)	(4,310,122)
Net Capital Assets	8,857,139	8,810,967
Total Noncurrent Assets	8,857,139	8,810,967
Total Assets	13,541,955	13,262,859
Liabilities		
Current Liabilities		
Accounts payable	153,158	348,506
Accrued expenses	830	796
Retainage payable	31,731	192,761
Developer deposits	149,495	122,708
Lease liability - current portion	-	10,690
Total Current Liabilities	335,214	675,461
Long-Term Liabilities		
Lease liability - long-term portion	-	5,450
Total Long-Term Liabilities	-	5,450
Total Liabilities	335,214	680,911
Deferred Inflows of Resources		
Deferred property taxes	115,333	112,635
Total Deferred Inflows of Resources	115,333	112,635
Net Position		
Net Investment in capital assets	8,857,139	8,810,967
Restricted for emergencies	3,467	3,632
Unrestricted	4,230,802	3,654,714
Total Net Position	$ 13,091,408	$ 12,469,313

The accompanying notes are an integral part of these financial statements

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

	2025	2024
Operating Revenues		
Sewage treatment revenue	$ 2,823,240	$ 2,821,122
Grease trap fees	9,900	15,400
Metro connection fees	182,028	276,000
Inspection fees	9,275	10,185
Miscellaneous income	65,824	10,502
Total Operating Revenues	3,090,267	3,133,209
Operating Expenses		
Sewage treatment	1,772,330	1,546,684
Collection and transmission	451,416	294,828
General and administration	323,555	261,137
Metro connection fees	182,028	276,000
Depreciation	281,035	157,265
Total Operating Expenses	3,010,364	2,535,914
Operating Income	79,903	597,295
Nonoperating Revenues (Expenses)		
Property taxes	107,877	113,769
Specific ownership taxes	7,681	7,290
Investment income	184,646	311,427
Office sharing revenue	13,643	10,311
Connection fees	230,692	350,000
County treasurer fees	(2,347)	(1,839)
Total Nonoperating Revenues (Expenses)	542,192	790,958
Change in Net Position	622,095	1,388,253
Net Position, beginning of year	12,469,313	11,081,060
Net Position, end of year	$ 13,091,408	$ 12,469,313

The accompanying notes are an integral part of these financial statements

Wheat Ridge Sanitation District
Statements of Cash Flows
For the Year Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Cash received from customers	$ 3,060,194	$ 2,839,147
Cash paid to suppliers	(2,767,908)	(2,270,496)
Net cash provided (used) by operating activities	292,286	568,651
Cash Flows From Non-Capital Financing Activities		
Property and ownership taxes received	115,558	121,059
Office sharing revenue	13,643	10,311
Fee paid to county treasurer	(2,347)	(1,839)
Cash received for connection charges and upsizing	230,692	350,000
Net cash provided (used) by non-capital financing activities	357,546	479,531
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(503,809)	(3,575,065)
Net cash provided (used) in capital and related financing activities	(503,809)	(3,575,065)
Cash Flows From Investing Activities		
Investment income received	184,646	311,427
Net cash provided (used) by investing activities	184,646	311,427
Net increase (decrease) in cash and cash equivalents	330,669	(2,215,456)
Cash and cash equivalents, beginning of year	3,499,084	5,714,540
Cash and cash equivalents, end of year	$ 3,829,753	$ 3,499,084
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income / (Loss)	$ 79,903	$ 597,295
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	281,035	157,265
Amortization of right to use lease	-	10,380
Changes in assets and liabilities		
Prepaid expenses	(2,402)	(2,741)
Accounts receivable	(30,073)	(294,062)
Due to / from Metro Wastewater	132,918	(184,105)
Accounts payable	(195,348)	304,173
Other accrued liabilities	26,821	(9,135)
Payments on lease liability	(568)	(10,419)
Net Cash Provided (Used) by Operating Activities	$ 292,286	$ 568,651

The accompanying notes are an integral part of these financial statements

Note 1 Summary of Significant Accounting Policies

Wheat Ridge Sanitation District (the District) is a quasi-municipal corporation, pursuant to the provisions of the Colorado Special District Act. The District was established to provide sanitation services to its service area located in Jefferson County, Colorado. The District operates under a Board of Directors form of government. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The significant accounting policies utilized are provided below. The District does not have any employees, all operations are contracted.

Financial Reporting Entity

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

Basis of Presentation

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

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

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

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments a*s amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* These statements establishes

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Budgets and Budgetary Accounting

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

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

Budgets are not prepared in accordance with accounting principles generally accepted in the United States of America because they include capital asset expenditures, but do not include depreciation. Budgets may be amended during the year by approval of the Board of Directors. Any amendments to the budget are incorporated into the budget in these financial statements. Appropriations lapse at the end of the budget year. The budget was amended in 2025.

Property Taxes

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

Connection Fees

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

Assets and Liabilities

Investments – investments are recorded at fair market value. Level two inputs have been used to determine fair market value.

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

Note 1 Summary of Significant Accounting Policies (Continued)

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

Sewer lines	33 years
Machinery and equipment	10 years
Office furniture and equipment	3-20 years
Leasehold improvements	33 years

Deferred Outflows / Inflows of Resources

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

Lease Accounting

The District implemented the provisions of GASB No. 87 Leases. The District determines whether to account for its leases as operating or financing leases depending on the underlying terms of the lease agreement. This determination of classification is complex and requires significant judgment relating to certain information including the estimated fair value and remaining economic life of the leased asset, the District's cost of funds, minimum lease payments and other lease terms. The District records the value of the right-of-use asset at the present value of future lease payments, discounted at the District's estimated incremental borrowing rate, and any direct costs related to the lease. Total lease payments are recognized on a straight-line basis over the term of the lease. The related lease liability is recorded at the present value of any unpaid lease payments.

Net position

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

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

Cash Equivalents

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

Use of Estimates in the Preparation of Financial Statements

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

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2025, and 2024, the District's cash deposits had a carrying balance of $225,271 and $262,126 and a corresponding bank balance of $254,232 and $344,782, of which $250,000 and $250,000 was insured by the Federal Deposit Insurance Corporation, respectively. The District had $4,232 and $94,782 collateralized under PDPA at December 31, 2025 and 2024, respectively.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk – Deposits

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

The District's investments were measured at fair value using level two inputs, which are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. The US Bank money market account is AAA rated by Standard and Poor's. At December 31, 2025 and 2024, the District's holdings of U.S. agency obligations were rated AA+ by Standard & Poor's.

Note 2 Cash and Investments (Continued)

Investments

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

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

At December 31, 2025, the District had $3,603,518 and $3,236,008 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

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

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

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

Note 2 Cash and Investments (Continued)

Cash and cash equivalents consist of the following at December 31, 2025 and 2024:

	2025	2024
Cash on hand (cash and cash equivalent)	$ 400	$ 400
Cash at County Treasurer (cash and cash equivalent)	564	550
Cash in bank (cash and cash equivalent)	225,271	262,126
COLOTRUST (cash and cash equivalent)	3,603,518	3,236,008
Total cash and cash equivalents	$ 3,829,753	$ 3,499,084

Note 3 Accounts Receivable

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

	2025	2024
Fees for sewer services	$ 719,321	$ 689,664
Other receivables	1,010	594
Allowance for doubtful accounts	-	-
Total	$ 720,331	$ 690,258

Note 4 Capital Assets

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

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Nondepreciable				
Construction in progress	$ 3,433,875	$ -	$ (3,433,875)	$ -
Total Nondepreciable	3,433,875	-	(3,433,875)	-
Depreciable				
Sewer lines, extensions and inclusions	9,589,422	3,776,654	-	13,366,076
Office equipment	79,396	-	(17,591)	61,805
Leasehold improvements	2,824	-	-	2,824
Right to Use lease asset	46,712	-	(46,712)	-
Total Depreciable	9,718,354	3,776,654	(64,303)	13,430,705
TOTAL	13,152,229	3,776,654	(3,498,178)	13,430,705
Less Accumulated Depreciation				
Sewer lines, extensions and inclusions	(4,234,587)	(279,031)	-	(4,513,618)
Office equipment	(72,711)	(2,004)	17,591	(57,124)
Leasehold improvements	(2,824)	-	-	(2,824)
Amortization of right to use lease asset	(31,140)	-	31,140	-
Total Accumulated Depreciation and Amortization	(4,341,262)	(281,035)	48,731	(4,573,566)
Net Capital Assets	$ 8,810,967	$ 3,495,619	$ (3,449,447)	$ 8,857,139

Note 4 Capital Assets (Continued)

A summary of changes to capital assets for 2024 is as follows:

	Balance at 12/31/2023	Additions	Deletions	Balance at 12/31/2024
Nondepreciable				
Construction in progress	$ 1,552,354	$ 3,767,826	$ (1,886,305)	$ 3,433,875
Total Nondepreciable	1,552,354	3,767,826	(1,886,305)	3,433,875
Depreciable				
Sewer lines, extensions and inclusions	7,703,117	1,886,305	-	9,589,422
Office equipment	79,396	-	-	79,396
Leasehold improvements	2,824	-	-	2,824
Right to Use lease asset	46,712	-	-	46,712
Total Depreciable	7,832,049	1,886,305	-	9,718,354
TOTAL	9,384,403	5,654,131	(1,886,305)	13,152,229
Less Accumulated Depreciation				
Sewer lines, extensions and inclusions	(4,079,475)	(155,112)	-	(4,234,587)
Office equipment	(70,558)	(2,153)	-	(72,711)
Leasehold improvements	(2,824)	-	-	(2,824)
Amortization of right to use lease asset	(20,760)	(10,380)	-	(31,140)
Total Accumulated Depreciation and Amortization	(4,173,617)	(167,645)	-	(4,341,262)
Net Capital Assets	$ 5,210,786	$ 5,486,486	$ (1,886,305)	$ 8,810,967

Depreciation charged to expense by function was:

	2025	2024
Administrative and general	$ 2,004	$ 2,153
Collection and transmission	279,031	155,112
Total depreciation expense	$ 281,035	$ 157,265

Note 5 Leases

The District entered into a five-year lease for office space beginning on July 1, 2023. The lease amounts during the term of the lease will be $915 per month. The lease was originally recognized under the terms of GASB No. 87 and a related liability and right to use asset was established. During 2025 the lease was terminated and the District engaged in an office sharing arrangement with another District on a month-to-month basis. At December 31, 2025 and 2024 the amortization of the right to use asset was $0 and $31,140, respectively.

Note 6 Tax, Spending, and Debt Limitation

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

Note 6 Tax, Spending, and Debt Limitation (Continued)

The District has created a Water and Wastewater statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution.

The District has established an emergency reserve of $3,467 and $3,632 as of December 31, 2025 and 2024, respectively, to comply with Article X, Section 20 of the Colorado Constitution.

Note 7 Risk Management

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

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverage's, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims exceeded the Districts commercial coverage by $0, $0 and $0 for the year ended December 31, 2025, 2024 and 2021, respectively.

Note 8 Reclassifications

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

Other Supplementary Information

Wheat Ridge Sanitation District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Connection fees - Wheat Ridge	202,365	230,692	28,327
Connection fees -Metro	159,570	182,028	22,458
Inspection fees	8,500	9,275	775
Sewage treatment revenue	2,906,582	2,823,240	(83,342)
Grease trap fees	16,500	9,900	(6,600)
Property tax	112,635	107,877	(4,758)
Ownership tax	7,900	7,681	(219)
Investment income	200,000	184,646	(15,354)
Office sharing revenue	10,500	13,643	3,143
Miscellaneous	11,000	65,824	54,824
Total Revenues	3,635,552	3,634,806	(746)
Expenditures			
Sewage Collection and Transmission	629,089	451,416	177,673
Sewage Treatment	1,794,932	1,772,330	22,602
Administration	125,700	323,555	(197,855)
County treasurer fees	1,746	2,347	(601)
Connection Fees - Metro	159,570	182,028	(22,458)
Contingency Expense	150,000	-	150,000
Capital Expenditures	1,500,000	342,779	1,157,221
Total Expenditures	4,361,037	3,074,455	1,286,582
Reconciliation to GAAP Basis			
Net income - Budgetary Basis		560,351	
Add Capital Outlay		342,779	
Less Depreciation		(281,035)	
Net Income - GAAP Basis		$ 622,095	

See the Independent Auditor's Report