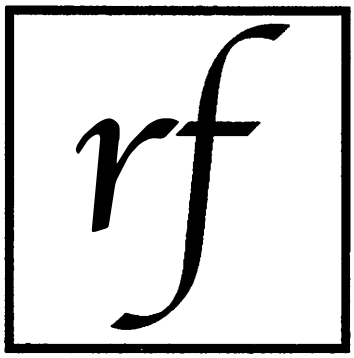


Wiley Sanitation District

Financial Statements

December 31, 2025

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Independent Auditor's Report

Governing Board
Wiley Sanitation District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the District, as of December 31, 2025, and the respective changes in financial position, and, where applicable, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information presented on pages 21-22 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.

Management has elected to omit the management's discussion and analysis. Although not required by generally accepted accounting principles, the Governmental Accounting Standards Board consider it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. The omission of this information does not affect our opinion on the basic financial statements.

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 accompanying supplementary information on pages 23-25 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

rfarmer, llc

September 2, 2026

Basic Financial Statements

Wiley Sanitation District
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 13,973	$ 189,676	$ 203,649
Receivables	5,087	-	5,087
Receivables from other governments	-	729,940	729,940
Non-Current Assets:			
Capital asset, not being depreciated:			
Land and construction in progress	-	2,251,161	2,251,161
Capital asset, net of accumulated depreciation	-	3,393	3,393
Loan origination fees	-	7,500	7,500
Total Non-Current Assets	-	2,262,054	2,262,054
Total Assets	19,060	3,181,670	3,200,730
LIABILITIES			
Accounts payable	-	818,460	818,460
Accrued interest payable	-	269	269
Long-term liabilities:			
Due in more than one year:			
Loans payable	-	1,354,364	1,354,364
Total liabilities	-	2,173,093	2,173,093
Deferred inflow of resources:			
Deferred property taxes	5,087	-	5,087
Total deferred inflows	5,087	-	5,087
NET POSITION			
Net investment in capital assets	-	97,855	97,855
Restricted for:			
TABOR	170	-	170
Unrestricted	13,803	910,722	924,525
Total net position	$ 13,973	$ 1,008,577	$ 1,022,550

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

Wiley Sanitation District
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government							
Governmental Activities							
General Government	$ 5,681	$ -	$ -	$ -	$ (5,681)	$ -	$ (5,681)
Total governmental activities	5,681	-	-	-	(5,681)	-	(5,681)
Business-type activities:							
Sanitation Fund	25,692	94,343	-	91,220		159,871	159,871
Total business-type activities	25,692	94,343	-	91,220		159,871	159,871
Total primary government	31,373	94,343	-	91,220	(5,681)	159,871	154,190
General revenues:							
Taxes:							
Property taxes, including SO taxes					$ 5,042	$ -	$ 5,042
Miscellaneous taxes					740	-	740
Unrestricted investment earnings					9	1,977	1,986
Miscellaneous					-	1,970	1,970
Total general revenues, special items, and transfers					5,791	3,947	9,738
Change in net position					110	163,818	163,928
Net position - beginning, restated					13,863	844,759	858,622
Net position - ending					$ 13,973	$ 1,008,577	$ 1,022,550

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

Wiley Sanitation District
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	$ 13,973	$ 13,973
Taxes receivable, net	5,087	5,087
Total assets	19,060	19,060
LIABILITIES AND FUND BALANCES		
Liabilities:		
Deferred inflow of resources:		
Deferred property taxes	5,087	5,087
Fund balances:		
Restricted:		
TABOR	170	170
Unassigned	13,803	13,803
Total fund balances	13,973	13,973
Total liabilities and fund balances	$ 19,060	$ 19,060

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

Wiley Sanitation District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2025

Total fund balance, governmental funds	$	13,973
Net Position of Governmental Activities in the Statement of Net Position	$	13,973

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

Wiley Sanitation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Total Governmental Funds
REVENUES		
Property Taxes	$ 5,042	$ 5,042
SO and Tax A	740	740
Investment earnings	9	9
Total revenues	5,791	5,791
EXPENDITURES		
General government	5,681	5,681
Total Expenditures	5,681	5,681
Excess (deficiency) of revenues over expenditures	110	110
Net change in fund balances	110	110
Fund balances - beginning	13,863	13,863
Fund balances - ending	$ 13,973	$ 13,973

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

Wiley Sanitation District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balances - total governmental funds:	$ 110
Change in net position of governmental activities	$ 110

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

Wiley Sanitation District
Statement of Net Position
Proprietary Funds
December 31, 2025

	Sanitation Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	$ 189,676	$ 189,676
Receivables from other governments	729,941	729,941
Total current assets	919,617	919,617
Property, Plant and Equipment:		
Capital assets, not being depreciated	2,251,160	2,251,160
Capital assets, being depreciated	3,393	3,393
Unamortized loan fees	7,500	7,500
Total property, plant and equipment	2,262,053	2,262,053
Total assets	3,181,670	3,181,670
LIABILITIES		
Current Liabilities:		
Accounts payable	818,460	818,460
Accrued interest payable	269	269
Total current liabilities	818,729	818,729
Non-current liabilities:		
Loans payable	1,354,364	1,354,364
Total non-current liabilities	1,354,364	1,354,364
Total liabilities	2,173,093	2,173,093
NET POSITION		
Net investment in capital assets	97,855	97,855
Unrestricted	910,722	910,722
Total net position	$ 1,008,577	$ 1,008,577

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

Wiley Sanitation District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2025

	Sanitation Fund	Total
REVENUES		
Charges for services	$ 94,343	$ 94,343
Miscellaneous	1,970	1,970
Total operating revenues	96,313	96,313
OPERATING EXPENSES		
Supplies	3,153	3,153
Utilities	1,896	1,896
Administrative and general	3,814	3,814
Repairs and maintenance	45	45
Distribution and collection	9,000	9,000
Insurance	7,187	7,187
Depreciation	328	328
Total Operating Expenses	25,423	25,423
Operating income (loss)	70,890	70,890
NON-OPERATING REVENUES (EXPENSES)		
Capital grants	91,220	91,220
Interest income	1,977	1,977
Interest expense	(269)	(269)
Total non-operating revenue (expenses)	92,928	92,928
Income (loss) before contributions and transfers	163,818	163,818
Change in net position	163,818	163,818
Total net position - beginning, restated	844,759	844,759
Total net position - ending	$ 1,008,577	$ 1,008,577

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

Wiley Sanitation District
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Sanitation Fund	Total
Cash flows from operating activities:		
Cash received from customers	$ 96,257	$ 96,257
Cash paid to suppliers	(15,302)	(15,302)
Net cash flows from Operating Activities	80,955	80,955
Cash outflows from capital and related financing activities:		
Loan origination fees	(7,500)	(7,500)
Construction costs	(1,072,823)	(1,072,823)
Construction loan advances	630,996	630,996
Net cash outflows from capital and financing activities	(449,327)	(449,327)
Cash flows from investing activities:		
Interest income	1,977	1,977
Net cash flows from investing activities	1,977	1,977
Net (decrease) in cash and cash equivalents	(366,395)	(366,395)
Beginning of year	556,071	556,071
End of year	189,676	189,676
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	70,890	70,890
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	328	328
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(56)	(56)
Prepaid expense	1,679	1,679
Increase (decrease) in:		
Accounts payable	8,114	8,114
Net cash flows from operating activities	$ 80,955	$ 80,955

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

Note 1 Summary of Significant Accounting Policies

The Wiley Sanitation District (the "District") was created in 1968 as a special service district. The District's major operations are to provide sanitation and wastewater services as in the organization of the district.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's governing board, and either a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or

2. Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. Debt service expenditures, however, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual, and so, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

Governmental funds are used to account for all or most of a government's general activities. The following is the District's major governmental fund:

> *General Fund* - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net

position is segregated into amounts invested in capital assets, restricted for debt service, and unrestricted.

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The District's major enterprise fund is the Sanitation Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other funds of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Bond Premium and Debt Issuance Costs

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method as principal is paid. Debt issuance costs are recognized during the period of issuance.

In the fund financial statements, governmental fund types recognize bond premiums during the period of issuance. The face amount of debt issued is reported as other financing sources. Premiums on the debt issuance are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, water lines, storm-water drainage, 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 $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

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

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities.

Land	N/A
Utility Systems	40 Years
Furniture	5 – 7 Years
Vehicles and Equipment	7 – 10 Years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current,

expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources.

Fund Balance and Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which those funds can be spent. In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees (the Board). The Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts. The General Fund is the only fund that would report a positive amount in unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted resources to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned

funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The County Treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become measurable and available.

Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Cash and Cash Equivalents

Custodial Credit Risk – Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2025, the District had deposits with financial institutions with a carrying amount of $203,656. The bank balances with the financial institutions were covered by federal depository insurance.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months;
- Certain obligations of the United States and U.S. government agency securities;
- Certain international agency securities;
- General obligation and revenue bonds of U.S. local government entities;
- Banker's acceptance of certain banks;
- Commercial paper;

- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market funds;
- Guaranteed investment contracts;
- Local government investment pools.

The District's policy is to utilize Local Government Investment Pools for all its investment activity.

Custodial Credit Risk – Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of December 31, 2025, the District had no investments exposed to custodial credit risk.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

Note 3 Receivables

Receivables at December 31, 2025 consisted of the following:

	General Fund	Sanitation Fund	Total
Taxes	$ -	$ -	$ -
Trade accounts	-	6,573	6,573
Other receivables	-	-	-
Intergovernmental	-	723,368	723,368
Total	$ -	$ 729,941	$ 729,941

Management has determined that all receivables are fully collectible and therefore no allowance is deemed necessary.

Note 4 Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 31,824	$ -	$ -	$ 31,824
Construction in Progress	336,679	1,882,657	-	2,219,336
Total Capital assets not being depreciated	368,503	1,882,657	-	2,251,160
Capital assets being depreciated:				
Furniture	1,995	-	-	1,995
Equipment	26,782	-	-	26,782
Utility Systems	114,921	-	-	114,921
Total capital assets being depreciated	143,698	-	-	143,698
Less accumulated depreciation	(139,977)	(328)	-	(140,305)
Total capital assets being depreciated, net	3,721	(328)	-	3,393
Business-Type Activities Capital Assets, Net	$ 372,224	$ 1,882,329	$ -	$ 2,254,553

Depreciation expense was charged to function or programs of the District's business-type activities as follows:

Sanitation	$ 328
Total	$ 328

Note 5 Long-Term Debt

Business-Type Activities

In December 2025, the District entered into an interim loan agreement with Rural Development/Rural Utility Service through CoBank, a federally-chartered instrumentality of the United States. The loan agreement calls for CoBank to make construction loan advances not to exceed $4,449,000. When the construction is completed this construction loan will be paid in full by the District entering into a long-term agreement with USDA RD. The terms of the long-term financing will be finalized at the closing of the USDA RD loan. There are certain loan covenants that the District must be in compliance with to convert the construction loan to long-term financing. The District plans to be in compliance with any loan covenants.

The initial term of the construction loan shall not exceed three years from the date of the interim loan agreement of December 29, 2025.

The construction loan agreement does not require any principal payments until the construction project is completed. At completion long-term financing will be obtained from USDA RD and the construction loan will be paid in full. The interest rate on the construction loan will be 1.45% plus an adjustment as defined in the loan agreement. The construction loan does require monthly interest payments based on the loan outstanding balance.

Changes in long-term debt for the year ended December 31, 2025 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Construction Loan	$ -	$ 1,354,364	$ -	$ 1,354,364	$ -
Total	$ -	$ 1,354,364	$ -	$ 1,354,364	$ -

Note 6 Contingency

Risk Management

The District is insured for property and liability insurance with a policy underwritten by U.S. Specialty Insurance Company – Public Risk Group.

The ultimate liability to the District resulting from claims not covered by insurance is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the District's financial statements.

Note 7 Taxes, Spending, and Debt Limitations

In November 1992, Colorado voters passed an amendment (the Amendment or TABOR) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary of fringe benefit increase. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted $170 for this purpose. The amount is shown in the General Fund.

On November 2, 1999, the voting citizens of the Wiley Sanitation District authorized the District to retain all of the revenues from all sources generated during 1999 and subsequent years and spend the same as a voter-approved revenue change as an exception to limits which would otherwise apply for each of said years. This effectively removed all revenue and spending limits imposed by TABOR.

Note 8 Restatement of Beginning Net Position

During the 2025 audit, the District found that not all construction costs were capitalized during 2024. As a result, the beginning net position was restated as follows:

Net Position	$ 825,877
Amount of additional capitalized costs	18,882
Net Position, Restated	$ 844,759

Required Supplementary Information

Wiley Sanitation District
Budget and Actual
General Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	$ 4,969	$ 4,969	$ 5,042	$ 73
SO and Tax A	865	865	740	(125)
Investment earnings	20	20	9	(11)
Total revenues	5,854	5,854	5,791	(63)
EXPENDITURES				
General government	6,150	6,150	5,681	469
Total Expenditures	6,150	6,150	5,681	469
Excess (deficiency) of revenues over expenditures	(296)	(296)	110	406
Net change in fund balances	(296)	(296)	110	406
Fund balances - beginning	14,064	14,064	-	14,064
Fund balances - ending	$ 13,768	$ 13,768	$ 110	$ 75,912

Wiley Sanitation District
Notes to Required Supplementary Information
December 31, 2025

Note 1 Budgets and Budgetary Accounting

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

- By October 15, the Wiley Sanitation District Administrator submits to the District's Governing Board a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Governing Board through passage of a formal resolution.
- The District legally adopts budgets for all of the funds. Budgets for the general and special revenue funds are adopted on a basis consistent with GAAP. Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis, where payments for capital assets and principal amounts of debt are treated as expenditures.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Governing Board. All appropriations lapse at year end.

Supplementary Information

Wiley Sanitation District
Budget and Actual
Sanitation Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ 100,000	$ 100,000	$ 94,343	$ (5,657)
Investment earnings	485	485	1,977	1,492
Miscellaneous	2,000	2,000	1,970	(30)
Total revenues	102,485	102,485	98,290	(4,195)
EXPENDITURES				
Current:				
Supplies	4,000	4,000	3,153	847
System Maintenance	7,600	7,600	-	7,600
Utilities	1,500	1,500	1,896	(396)
Administrative and general	5,668	5,668	3,814	1,854
Repairs and maintenance	300	300	45	255
Distribution and collection	9,000	9,000	9,000	-
Insurance	6,200	6,200	7,187	(987)
Debt Service:				
Interest and other charges	-	-	269	(269)
Capital Outlay	8,325,427	8,325,427	1,873,115	6,452,312
Total Expenditures	8,359,695	8,359,695	1,898,479	6,461,216
Excess (deficiency) of revenues over expenditures	(8,257,210)	(8,257,210)	(1,800,189)	6,457,021
OTHER FINANCING SOURCES (USES)				
Capital grants	7,867,427	7,867,427	91,220	7,776,207
Total other financing sources and uses	7,867,427	7,867,427	91,220	7,776,207
Net change in fund balances	(389,783)	(389,783)	(1,708,969)	(1,319,186)
Fund balances - beginning	551,509	551,509	844,759	274,368
Capital outlay	-	-	1,873,115	-
Adjustment to GAAP depreciation	-	-	(328)	-
Fund balances - ending	$ 161,726	$ 161,726	$ 1,008,577	$ (1,044,818)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Governing Board
Wiley Sanitation District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, and each major fund of the Wiley Sanitation District (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 2, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

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weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

rfarmer, llc

September 2, 2026

Single Audit

Wiley Sanitation District
Schedule of Findings and Questioned Costs
December 31, 2025

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **unmodified**

Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified?	___ Yes	_X_ None Reported
Noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified?	___ Yes	_X_ None Reported
Type of auditor's report issued on compliance for major federal programs:	**unmodified**	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_X_ No
Identification of major federal programs:		
Assistance Listing Number(s)	10.766	
Name of Federal Program or Cluster	Community Facilities Loans and Grants	
Dollar threshold used to distinguish between type A and type B programs:	$_1,000,000_	
Auditee qualified as a low-risk auditee?	___ Yes	_X_ No

Section II: Financial Statement Findings

There are not any findings to report.

Section III: Federal Awards Findings

There are not any findings to report.

Wiley Sanitation District
Schedule of Expenditure of Federal Awards
For the Year Ended December 31, 2025

GRANT TITLE	PASS-THRU	FEDERAL ALN	AMOUNT OF AWARD EXPENDED	
U S DEPARTMENT OF AGRICULTURE:				
Community Facilities Loans and Grants	NA	10.766	$ 1,354,364	
Total				1,354,364
U S DEPARTMENT OF TREASURY				
Department of Local Affairs-				
Transformation Homeless Relief	DOLA	21.027	91,220	
Total				91,220
TOTAL FEDERAL AWARDS EXPENDED				$1,445,584

Wiley Sanitation District
Notes to Schedule of Expenditures of Federal Awards
December 31, 2025

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Gilcrest, Colorado (the "Town"). The Town's reporting entity is defined in Note I to the general-purpose financial statements. All federal financial assistance received by the primary government directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule.

Note 1 Basis of Presentation

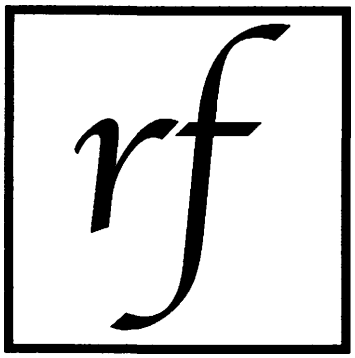
The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

The Town received federal awards indirectly through pass-through entities. Federal financial assistance provided to a sub-recipient, if any, is treated as an expenditure when it is paid to the sub-recipient.

The Town has elected not to use the 10 percent de minim is indirect cost rate allowed under the Uniform Guidance.

Note 2 Federal Financial Assistance Listing

Federal Financial Assistance Listing (ALN) is managed and administered by the General Services Administration, formerly known as the Catalog of Federal Domestic Assistance (CFDA).



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

Governing Board
Wiley Sanitation District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Wiley Sanitation District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material

weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

rfarmer, llc

September 2, 2026