

ALAMEDA WATER & SANITATION DISTRICT

Jefferson County, Colorado

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2025 and 2024

ALAMEDA WATER & SANITATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alameda Water and Sanitation District
Jefferson County, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV through VIII 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.

Supplemental Information

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

Fiscal Focus Partners, LLC

Arvada, Colorado
April 8, 2026

Alameda Water and Sanitation District MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Alameda Water and Sanitation District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the basic financial statements and the notes to financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- Total assets of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$17,253,908 (net position). Of this amount, \$13,637,682 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The District's total net position increased by \$1,501,961 from the prior fiscal year.
- The District collected \$2,148,606 in operating revenue, a decrease of \$53,784, or 2%, from the prior year.
- Operating expenses increased \$34,227, or 1%, from the prior year, due primarily to an increase in sewer treatment costs.

Overview of the Financial Statements

The Alameda Water and Sanitation District basic financial statements included in this report are those of a special-purpose government engaged in a business-type activity, providing water and sewer services. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements. The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The *Statements of Revenues, Expenses and Changes in Net Position* present information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned compensation). The statement reports

**Alameda Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

the District's operating and nonoperating revenue by source along with operating and nonoperating expenses and capital contributions.

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

The *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

A budgetary comparison schedule has been provided in the *supplemental information* to demonstrate compliance with the budget.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Alameda Water and Sanitation District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,253,908 at the close of the most recent fiscal year.

Statement of Net Position

	December 31,		
	2025	2024	(restated) 2023
Current assets	\$ 15,710,594	\$ 14,163,922	\$ 12,227,571
Noncurrent assets	1,080,418	1,106,326	1,161,628
Capital assets	11,982,297	5,868,740	6,088,502
Total assets	<u>28,773,309</u>	<u>21,138,988</u>	<u>19,477,701</u>
Current liabilities	<u>974,773</u>	<u>305,576</u>	<u>422,025</u>
Long-term liabilities	<u>9,042,126</u>	<u>3,627,722</u>	<u>3,727,160</u>
Deferred inflows of resources	<u>1,502,502</u>	<u>1,453,743</u>	<u>1,352,676</u>
Net Position			
Net investment in capital assets	3,547,126	3,376,038	3,646,520
Restricted	69,100	388,724	501,211
Unrestricted	<u>13,637,682</u>	<u>11,987,185</u>	<u>9,828,109</u>
Net position	<u>\$ 17,253,908</u>	<u>\$ 15,751,947</u>	<u>\$ 13,975,840</u>

- A portion of the District's net position (21%) reflects its investment in capital assets (e.g. infrastructure, plant, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently these assets are *not* available for future spending.

**Alameda Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

- Restricted net position consists of \$69,100 restricted for emergencies under TABOR; the remaining net position of \$13,637,682 is unrestricted and available for on-going obligations of the District.

	2025	2024	(restated) 2023
OPERATING REVENUES			
Water operations	\$ 828,638	\$ 849,626	\$ 651,188
Sewer operations	1,319,968	1,352,764	1,317,331
Total operating revenues	2,148,606	2,202,390	1,968,519
OPERATING EXPENSES			
Water operations - administrative	379,961	383,298	309,212
Water operations - maintenance	2,728	3,219	30,820
Sewer operations - administrative	1,456,202	1,417,585	1,299,732
Sewer operations - maintenance	249,400	266,447	216,871
General and administrative expenses	110,656	99,060	89,161
Depreciation	294,418	289,529	142,237
Total operating expenses	2,493,365	2,459,138	2,088,033
OPERATING INCOME (LOSS)	(344,759)	(256,748)	(119,514)
NONOPERATING REVENUES			
Property taxes	1,542,535	1,473,253	1,210,217
Specific ownership taxes	98,534	94,034	88,327
Net investment income	660,696	547,429	455,333
Rent income and miscellaneous	30,525	32,700	32,700
Total nonoperating revenues	2,332,290	2,147,416	1,786,577
NONOPERATING EXPENSES			
County treasurer fees	22,700	21,764	17,831
Interest expense	362,870	92,797	95,318
Lease purchase issuance cost	100,000	-	-
Total nonoperating expenses	485,570	114,561	113,149
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,501,961	1,776,107	1,553,914
CAPITAL CONTRIBUTIONS			
Cost reimbursement - Summerfield	-	-	251,344
Total capital contributions	-	-	251,344
CHANGE IN NET POSITION	1,501,961	1,776,107	1,805,258
NET POSITION - beginning of the year	15,751,947	13,975,840	12,170,582
NET POSITION - end of the year	\$ 17,253,908	\$ 15,751,947	\$ 13,975,840

**Alameda Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of capital outlay and debt repayment in addition to operations and nonoperating revenue and expenses and contributions. Depreciation is not reflected in the budget since it does not affect funds available. Funds available increased \$1,006,699 during 2025.

Capital Assets

The District's net investment in capital assets as of December 31, 2025, 2024 and 2023 is as follows:

	Capital Assets		
	December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Capital assets not being depreciated			
Construction in progress - water lines	\$ 6,398,276	\$ -	\$ -
Total	<u>6,398,276</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated			
Water lines	\$ 6,008,715	\$ 6,008,715	\$ 6,005,455
Sewer lines	3,677,370	3,677,370	3,610,862
Equipment	49,812	49,812	49,812
Building and improvements	383,896	374,196	374,196
Total	<u>10,119,793</u>	<u>10,110,093</u>	<u>10,040,325</u>
Less accumulated depreciation	<u>(4,535,771)</u>	<u>(4,241,353)</u>	<u>(3,951,823)</u>
Total capital assets being depreciated, net	<u>\$ 5,584,022</u>	<u>\$ 5,868,740</u>	<u>\$ 6,088,502</u>
Capital assets, net	<u><u>\$ 11,982,298</u></u>	<u><u>\$ 5,868,740</u></u>	<u><u>\$ 6,088,502</u></u>

Additional information relating to the District's capital assets activity can be found in Note 4 of this report.

Debt Administration

In 2020, the Sewer Enterprise loaned \$1,000,000 to the Water Enterprise to assist in paying for construction for new water infrastructure. The loan is a 30 year term with 2.372% interest rate. Total repayment to the Sewer Enterprise, including interest, is \$1,398,593.

The District entered into a CWRPDA loan on December 23, 2020 for \$3,000,000. The loan is for 30 years at an interest rate of 2.5%. The purpose of the loan is to replace deteriorating water lines in the District. The capital project was completed in 2023.

The District entered into a Lease Purchase Agreement on February 19, 2025 for \$6,100,000 to fund sanitary sewer improvements. The lease purchase is for 20 years at an interest rate of 5.5%.

**Alameda Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Additional information relating to the District's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budget

- Minimal growth in the District is expected in 2026.
- The District has budgeted for 2026 construction and/or rehabilitation projects to sewer lines in the amount of \$2,000,000.

Requests for Information

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

District Manager
Alameda Water and Sanitation District
359 South Harlan Street
Lakewood, Colorado, 80226

BASIC FINANCIAL STATEMENTS

ALAMEDA WATER & SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2025 and 2024

	Water Enterprise		Sewer Enterprise		District Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current assets						
Cash and cash equivalents	\$ 185,968	\$ 362,089	\$ 297,974	\$ 89,925	\$ 483,942	\$ 452,014
Cash and cash equivalents - restricted	2,550	2,550	66,550	62,000	69,100	64,550
Investments	2,054,588	1,580,746	10,076,441	8,909,861	12,131,029	10,490,607
Cash in project account - restricted	-	324,174	-	-	-	324,174
Accounts receivable - users	93,568	97,800	1,369,010	1,239,680	1,462,578	1,337,480
Property taxes receivable	-	-	1,510,520	1,461,381	1,510,520	1,461,381
Prepaid expenses	-	-	53,425	33,716	53,425	33,716
Total current assets	2,336,674	2,367,359	13,373,920	11,796,563	15,710,594	14,163,922
Noncurrent assets						
Receivable - Summerfield	221,344	221,344	-	-	221,344	221,344
Notes receivable from water enterprise	-	-	859,074	884,982	859,074	884,982
Total noncurrent assets	221,344	221,344	859,074	884,982	1,080,418	1,106,326
Capital assets not being depreciated	-	-	6,398,276	-	6,398,276	-
Capital assets, net of depreciation	4,624,801	4,826,898	959,220	1,041,842	5,584,021	5,868,740
Total assets	7,182,819	7,415,601	21,590,490	13,723,387	28,773,309	21,138,988
LIABILITIES						
Current liabilities						
Accounts payable	14,728	14,445	262,760	201,408	277,488	215,853
Retainage payable	-	-	312,538	-	312,538	-
Accrued interest payable	10,101	11,737	118,677	-	128,778	11,737
Current portion of long-term debt	67,174	74,136	184,945	-	252,119	74,136
Tap fee and rent deposits	-	-	3,850	3,850	3,850	3,850
Total current liabilities	92,003	100,318	882,770	205,258	974,773	305,576
Long-term liabilities						
Notes payable to sewer enterprise	859,074	884,982	-	-	859,074	884,982
Note payable to CWRPDA	2,357,002	2,742,740	-	-	2,357,002	2,742,740
Lease purchase note	-	-	5,826,050	-	5,826,050	-
	3,216,076	3,627,722	5,826,050	-	9,042,126	3,627,722
Total liabilities	3,308,079	3,728,040	6,708,820	205,258	10,016,899	3,933,298
DEFERRED INFLOWS OF RESOURCES						
Deferred property tax	-	-	1,502,502	1,453,743	1,502,502	1,453,743
Total deferred inflows of resources	-	-	1,502,502	1,453,743	1,502,502	1,453,743
NET POSITION						
Net investment in capital assets	2,200,625	2,334,196	1,346,501	1,041,842	3,547,126	3,376,038
Restricted	2,550	326,724	66,550	62,000	69,100	388,724
Unrestricted	1,671,565	1,026,641	11,966,117	10,960,544	13,637,682	11,987,185
Total net position	\$ 3,874,740	\$ 3,687,561	\$ 13,379,168	\$ 12,064,386	\$ 17,253,908	\$ 15,751,947

The accompanying Notes to the Financial Statements are an integral part of these statements.

ALAMEDA WATER & SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended December 31, 2025 and 2024

	Water Enterprise		Sewer Enterprise		District Total	
	2025	2024	2025	2024	2025	2024
OPERATING REVENUES						
Water operations	\$ 828,638	\$ 849,626	\$ -	\$ -	\$ 828,638	\$ 849,626
Sewer operations	-	-	1,319,968	1,269,470	1,319,968	1,269,470
Sewer tap fees	-	-	-	83,294	-	83,294
Total operating revenues	828,638	849,626	1,319,968	1,352,764	2,148,606	2,202,390
OPERATING EXPENSES						
Water operations - administrative	379,961	383,298	-	-	379,961	383,298
Water operations - maintenance	2,728	3,219	-	-	2,728	3,219
Sewer operations - administrative	-	-	1,456,202	1,417,585	1,456,202	1,417,585
Sewer operations - maintenance	-	-	249,400	266,447	249,400	266,447
General and administrative expenses	55,328	49,530	55,328	49,530	110,656	99,060
Depreciation	202,097	201,988	92,321	87,541	294,418	289,529
Total operating expenses	640,114	638,035	1,853,251	1,821,103	2,493,365	2,459,138
OPERATING INCOME (LOSS)	188,524	211,591	(533,283)	(468,339)	(344,759)	(256,748)
NONOPERATING REVENUES						
Property taxes	-	-	1,542,535	1,473,253	1,542,535	1,473,253
Specific ownership taxes	-	-	98,534	94,034	98,534	94,034
Net investment income	84,900	83,682	575,796	463,747	660,696	547,429
Rent income and miscellaneous	-	-	30,525	32,700	30,525	32,700
Total nonoperating revenues	84,900	83,682	2,247,390	2,063,734	2,332,290	2,147,416
NONOPERATING EXPENSES						
County treasurer fees	-	-	22,700	21,764	22,700	21,764
Interest expense	86,245	92,797	276,625	-	362,870	92,797
Lease purchase issuance cost	-	-	100,000	-	100,000	-
Total nonoperating expenses	86,245	92,797	399,325	21,764	485,570	114,561
CHANGE IN NET POSITION	187,179	202,476	1,314,782	1,573,631	1,501,961	1,776,107
NET POSITION - beginning	3,687,561	3,485,085	12,064,386	10,490,755	15,751,947	13,975,840
NET POSITION - end of the year as restated	\$ 3,874,740	\$ 3,687,561	\$ 13,379,168	\$ 12,064,386	\$ 17,253,908	\$ 15,751,947

The accompanying Notes to the Financial Statements are an integral part of these statements.

ALAMEDA WATER & SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
For the Years ended December 31, 2025 and 2024

	Water Enterprise		Sewer Enterprise		District Total	
	2025	2024	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 832,870	\$ 832,422	\$ 1,190,638	\$ 1,310,877	\$ 2,023,508	\$ 2,143,299
Payments to suppliers for goods and services	(437,735)	(548,707)	(1,294,064)	(1,627,156)	(1,731,798)	(2,175,863)
Payments to and on behalf of employees for services	-	-	(112,685)	(109,269)	(112,685)	(109,269)
Net cash provided (used) by operating activities	395,136	283,715	(216,111)	(425,548)	179,025	(141,833)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property taxes	-	-	1,542,535	1,473,253	1,542,535	1,473,253
Specific ownership taxes	-	-	98,154	91,870	98,154	91,870
Other income	-	-	30,525	32,700	30,525	32,700
County Treasurer's fees	-	-	(22,700)	(21,764)	(22,700)	(21,764)
Net cash provided (used) by noncapital financing activities	-	-	1,648,514	1,576,059	1,648,514	1,576,059
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from lease purchase debt	-	-	6,100,000	-	6,100,000	-
Payments on long-term debt	(392,700)	(72,317)	(89,005)	-	(481,705)	(72,317)
Proceeds from (payments of) interfund loans	(25,908)	(25,302)	25,908	25,302	-	-
Proceeds from Summerfield receivable for capital cost reimbursement	-	30,000	-	-	-	30,000
Acquisition of capital assets	-	(3,260)	(6,407,976)	(66,508)	(6,407,976)	(69,768)
Interest paid on debt	(87,881)	(93,098)	(157,947)	-	(245,828)	(93,098)
Lease purchase issuance costs	-	-	(100,000)	-	(100,000)	-
Net cash provided (used) by capital and related financing activities	(506,489)	(163,977)	(629,020)	(41,206)	(1,135,509)	(205,183)
CASH FLOWS FROM INVESTING ACTIVITIES						
Net (increase) decrease in investment principal	(473,842)	(117,204)	(1,166,580)	(1,518,279)	(1,640,422)	(1,635,483)
Interest earnings received	84,900	83,682	575,796	463,747	660,696	547,429
Net cash provided (used) by investing activities	(388,942)	(33,522)	(590,784)	(1,054,532)	(979,726)	(1,088,054)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(500,295)	86,216	212,599	54,773	(287,696)	140,989
CASH AND CASH EQUIVALENTS - beginning of year	688,813	602,597	151,925	97,152	840,738	699,749
CASH AND CASH EQUIVALENTS - end of year	\$ 188,518	\$ 688,813	\$ 364,524	\$ 151,925	\$ 553,042	\$ 840,738
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 188,524	\$ 211,591	\$ (533,283)	\$ (468,339)	\$ (344,759)	\$ (256,748)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	202,097	201,988	92,321	87,541	294,418	289,529
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	4,232	(17,204)	(129,330)	(41,887)	(125,098)	(59,091)
Prepaid expenses	-	-	(19,709)	2,444	(19,709)	2,444
Increase (decrease) in:						
Accounts payable for operations	283	(79,427)	61,352	(5,307)	61,635	(84,734)
Retainage payable	-	(33,233)	312,538	-	312,538	(33,233)
Current liabilities	-	-	-	-	-	-
Total adjustments	206,612	72,124	317,172	42,791	523,784	114,915
Net cash provided (used) by operating activities	\$ 395,136	\$ 283,715	\$ (216,111)	\$ (425,548)	\$ 179,025	\$ (141,833)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Alameda Water and Sanitation District

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 1 – Definition of reporting entity

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Jefferson County, Colorado. The District was organized to provide water and sanitation services to property within the District's boundaries.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The District is comprised of a Water Enterprise and a Sewer Enterprise.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Note 2 – Summary of significant accounting policies

The more significant accounting policies of the District are described as follows:

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Accounting

The District's financial statements are reported using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and payments on loans are recorded as reductions in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received or collectible.

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

Operating revenues and expenses

The District distinguishes between operating revenues and expenses from nonoperating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sewer services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Cash equivalents

For purposes of the Statements of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Investments

Investments for the District are reported at fair value.

Accounts receivable, allowance for doubtful accounts

User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, the District considers all receivables collectible and no provision for uncollectible revenues has been made in the financial statements.

Property Taxes

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

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

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

Capital assets

Capital assets include land, water rights, water and sewer plants and systems, equipment and vehicles. Capital assets are defined by the District as those assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation or at the developer's cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Sewer lines	20 to 40 years
Water lines	30 years
Building	30 years
Office and other equipment	5 to 7 years

Compensated absences

Compensated absences do not accumulate; therefore the District does not record a liability for unpaid vacation or sick pay.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item *deferred property tax revenue* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Capital contributions

Tap fees are generally recorded as capital contributions when received. Water and sewer lines contributed to the District by developers are recorded as capital contributions and additions to the water and sewer system when received.

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements.

The District has amended its annual budget for the year ended December 31, 2025.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 3 – Cash and investments

Cash and investments are reflected on the December 31, 2025 and 2024 Statements of Net Position as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 483,942	\$ 452,014
Cash and cash equivalents - restricted	69,100	64,550
Cash in project account - restricted	-	324,174
Investments	12,131,029	10,490,607
	<u>\$ 12,684,071</u>	<u>\$ 11,331,345</u>

Cash and investments as of December 31, 2025 and 2024 consist of the following:

Cash on hand	\$ 25	\$ 25
Deposits with financial institutions	553,017	516,539
Cash held by other agencies	-	324,174
Investments	12,131,029	10,490,607
Total cash and investments	<u>\$ 12,684,071</u>	<u>\$ 11,331,345</u>

At December 31, 2025 and 2024, the District's cash deposits had bank balances of \$587,109 and \$585,783 with carrying balances of \$553,017 and \$516,539 respectively.

Alameda Water and Sanitation District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025 and 2024

Deposits with financial institutions

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2025 and 2024, the federal insurance limits were \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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 has not adopted a deposit policy for custodial credit risk. As of December 31, 2025 and 2024, none of the District's bank balance was exposed to custodial credit risk, as amounts were either insured or collateralized. The District carried bank balances in excess of federally insured amounts of \$68,764 at December 31, 2025 and \$335,783 at December 31, 2024. All amounts not federally insured are fully collateralized as required under the PDPA.

Investments

The District's investment policy restricts investments to only those permitted by state statutes. Additionally, the District's policy is to hold investments until maturity.

The District primarily limits its investments to certain U.S. government agency securities, money market funds and local government investments pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

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

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest including the following:

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

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

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

As of December 31, 2025 and 2024, the District had the following investments:

Investment	Maturity	2025	2024
Colorado Surplus Asset Fund (CSAFE CASH FUND)	Weighted average under 60 days	\$ 1,774,834	\$ 4,658,104
CSAFE CORE	Weighted average under 180 days	10,356,195	5,832,503
		\$ 12,131,029	\$ 10,490,607

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (“CSAFE”, sometimes referred to herein as the “Trust”), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, 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 CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments for CSAFE CASH FUND at amortized cost while CSAFE CORE investments are reported at fair value in accordance with GASB 72 Fair Value Measurement and Application. The District records its investment in CSAFE at estimated fair value based on information provided by the Trust. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Restricted cash and investments

The District had restricted cash of \$69,100 and \$64,550 for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9), as of December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, the District had \$0 and \$324,174, respectively, in a project fund account, held by Colorado Water Resources and Power Development Authority, restricted for capital improvements.

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

Note 4 – Capital assets

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

	Balance at December 31, 2024	Additions	Deletions	Balance at December 31, 2025
Construction in progress - sewer lines	\$ -	\$ 6,398,276	\$ -	\$ 6,398,276
Total capital assets, not being depreciated	-	6,398,276	-	6,398,276
Capital asset being depreciated				
Water lines	6,008,715	-	-	6,008,715
Sewer lines	3,677,370	-	-	3,677,370
Equipment	49,812	-	-	49,812
Building and improvements	374,196	9,700	-	383,896
Total capital assets being depreciated	10,110,093	9,700	-	10,119,793
Less accumulated depreciation for				
Water lines	1,181,818	202,097	-	1,383,915
Sewer lines	2,756,223	78,261	-	2,834,484
Equipment	49,812	-	-	49,812
Building and improvements	253,500	14,060	-	267,560
Total accumulated depreciation	4,241,353	294,418	-	4,535,771
Total capital assets being depreciated, net	5,868,740	(284,718)	-	5,584,022
Capital assets, net	\$ 5,868,740	\$ 6,113,558	\$ -	\$ 11,982,298

Capital asset activity for the year ended 2024 was as follows:

	Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024
Capital assets being depreciated				
Water lines	6,005,455	3,260	-	6,008,715
Sewer lines	3,610,862	66,508	-	3,677,370
Equipment	49,812	-	-	49,812
Building and improvements	374,196	-	-	374,196
Total capital assets being depreciated	10,040,325	69,768	-	10,110,093
Less accumulated depreciation for				
Water lines	979,829	201,989	-	1,181,818
Sewer lines	2,677,961	78,262	-	2,756,223
Equipment	49,590	222	-	49,812
Building and improvements	244,444	9,056	-	253,500
Total accumulated depreciation	3,951,824	289,529	-	4,241,353
Total capital assets being depreciated, net	6,088,501	(219,761)	-	5,868,740
Capital assets, net	\$ 6,088,501	\$ (219,761)	\$ -	\$ 5,868,740

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

Depreciation expense of \$294,418 and \$289,529 for the years ended December 31, 2025 and 2024 respectively, was charged to water and sewer operations.

Note 5 – Long-term obligation

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Direct Borrowing:					
2020 Loan - CWRPDA	\$ 2,816,876	\$ -	\$ 392,700	\$ 2,424,176	\$ 67,174
2025 Lease Purchase Agreement	-	6,100,000	89,005	6,010,995	184,945
Total long-term obligations	<u>\$ 2,816,876</u>	<u>\$ 6,100,000</u>	<u>\$ 481,705</u>	<u>\$ 8,435,171</u>	<u>\$ 252,119</u>

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Direct Borrowing:					
2020 Loan - CWRPDA	\$ 2,889,193	\$ -	\$ 72,317	\$ 2,816,876	\$ 74,136
Total long-term obligations	<u>\$ 2,889,193</u>	<u>\$ -</u>	<u>\$ 72,317</u>	<u>\$ 2,816,876</u>	<u>\$ 74,136</u>

Loan – Colorado Water Resources and Development Authority (CWRPDA)

The District obtained a loan from the CWRPDA, on December 23, 2020, in the amount of \$3,000,000. Proceeds of the loan are to fund improvements to the District's water mains and associated infrastructure (the Project). CWRPDA has deposited the unused amounts in a project fund on behalf of the District, upon which the District may draw amounts as needed for Project payments. The funds remaining in the Project fund were used to reduce the loan at December 31, 2025. The loan term is for 30 years with an annual interest rate of 2.5%. Payments are semi-annual on May 1st and November 1st. There is no penalty for prepayment of the loan. The District has committed to various covenants that must be maintained to avoid events of default. The most significant covenant is for the District to establish rates and fees in amounts sufficient to pay loan and operating requirements. In the event of a default, the lender has the option to seek court action requiring the District to take action to cure such default.

2025 Lease Purchase Agreement

The District entered into a Lease Purchase Agreement (Lease) with MidWestOne Bank on February 19, 2025 to fund sanitary sewer improvements in the District's service area. The rental payments are to be made on February 19 and August 19 of each year,

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

commencing on August 19, 2025 with a final balloon payment on February 19, 2045 including an interest component calculated at an interest rate of 5.15% per annum. The term of the agreement is 20 years. The Lease may be prepaid subject to a 1.5% prepayment premium and a redemption premium as defined in the Lease agreement. The Lease is secured by the sanitary sewer improvements. At the termination of the Lease the District will retain ownership to the sanitary sewer improvements.

Events of default with respect to the Lease are – a) the District fails to pay the rental payments as they become due; b) failure to comply with any other agreement or covenant under the Lease for a period of 30 days after written notice of failure and requesting remedy; c) the District institutes any proceedings under any bankruptcy, insolvency, reorganization or similar law; d) actual or attempted sale, lease or encumbrance of the sanitary sewer improvements securing the Lease; e) any representation or warranty made by the District that proves to be untrue in any material respect or materially misleading; and f) failure to maintain insurance coverage as required.

Upon an event of default, the Lessor may immediately take possession of the Leased Property with or without terminating the lease.

Debt Maturities

The District's long-term obligations will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 252,119	\$ 367,402	\$ 619,521
2027	263,457	356,065	619,522
2028	275,339	344,182	619,521
2029	287,795	331,726	619,521
2030	300,853	318,668	619,521
2031-2035	1,723,395	1,374,214	3,097,609
2036-2040	2,159,417	938,194	3,097,611
2041-2045	2,467,259	384,269	2,851,528
2046-2050	580,525	56,281	636,806
2051	125,012	2,349	127,361
Total	<u>\$8,435,171</u>	<u>\$4,473,350</u>	<u>\$ 12,908,521</u>

Inter-Enterprise Loan

The Water Enterprise entered into a loan agreement with the Sewer Enterprise on February 12, 2020. The Sewer Enterprise agreed to loan the Water Enterprise \$1,000,000 to assist the Water Enterprise in paying construction of the new water mains. The interest rate is 2.372% per year for \$398,593 in total interest. The loan is to be

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

repaid over 30 years. There is no penalty for prepayment. The total monthly loan payment from the Water Enterprise to the Sewer Enterprise is \$3,885.

Debt Authorization

At December 31, 2025, the District had no authorized but unissued indebtedness.

Note 6 – Net Position

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital asset consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025 and 2024, the District had net investment in capital assets of \$3,547,126 and \$3,376,038 , respectively.

Restricted assets include net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$69,100 and \$64,550 as of December 31, 2025 and 2024, respectively, for emergencies (see note 9). The District had restricted net position of \$0 and \$324,174 as of December 31, 2025 and 2024, respectively, for capital improvements.

The District's unrestricted net position as of December 31, 2025 and 2024 is \$13,637,682 and \$11,987,185, respectively.

Note 7 – Agreements

IGA with South Sheridan Water, Sanitary, Sewer, and Storm Drainage District (Sheridan)

Several properties within the District's boundaries are connected to a sewer main owned and operated by Sheridan. The District maintains the sewer lines and charges user fees to the properties. Sheridan charges the District for sewer transmission and treatment services. The agreement automatically renews each year unless one Party gives written notice on or before October 1 of the year that renewal is to cease.

IGA with Bancroft-Clover Water and Sanitation District (Bancroft)

Several properties within the District's boundaries are connected to a sanitary sewer main that is owned and operated by Bancroft. Under this agreement, Bancroft accepts the sanitary sewer flows from the properties and is responsible for the transmission and

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

treatment of such flows. The District maintains the sewer lines and charges user fees to the properties. Bancroft charges the District for sewer transmission and treatment services.

Integrated System Distributor Agreement

The District has an agreement with the City and County of Denver Board of Water Commissioners (Denver Water) whereby Denver Water provides treated water to the District's water delivery system. The District distributes water to system users and charges system user fees. Denver Water charges the District for water provided to the District. This agreement terminates on May 31, 2030 unless extended by mutual written agreement of both parties.

Off-Site Water Line Improvements and Cost Reimbursement Agreement

The District entered into an Off-Site Water Line Construction and Cost Reimbursement Agreement on May 13, 2022, as amended on December 13, 2023, with The Summer Field Townhomes @ White Fence Farm Homeowners Association (HOA). The District shall install and construct, or cause to be installed and constructed, a new water main line along Jewell Avenue to connect each of the two existing water main line connections. The total cost of the main and related improvements is being shared by the District, HOA, and an adjacent property owner. The final total cost for the water line improvement due from the HOA is \$251,344 for which repayment is to be received by the District from the HOA within ten years of completion of the project which occurred on November 8, 2023. The balance due from the HOA as of December 31, 2025 and 2024 is \$221,344.

Note 8 – Risk management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special District Property and Liability Pool (the Pool) as of December 31, 2025. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

Alameda Water and Sanitation District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2025 and 2024

Note 9 – Tax, spending and debt limitations

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

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

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

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

The District's voters authorized the District to collect, retain and expend all revenues derived from water and sewer rates, fees, tolls, and charges and tap fees, property taxes, state grants and all other sources during the year 2000 and each year thereafter notwithstanding the limitations of Article X, Section 20 of the Colorado provided that no property tax rate or mill levy shall be increased without voter approval.

SUPPLEMENTAL INFORMATION

ALAMEDA WATER & SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL
BUDGETARY BASIS
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
WATER ENTERPRISE:				
Revenues				
Charges for services	\$ 670,900	\$ 828,000	\$ 828,638	\$ 638
Net investment income	50,000	85,000	84,900	(100)
Tap fees	8,100	-	-	-
Miscellaneous income	1,000	-	-	-
Total revenues	<u>730,000</u>	<u>913,000</u>	<u>913,538</u>	<u>538</u>
Expenditures				
Water purchases	406,400	380,000	372,040	7,960
Capital outlay	100,000	-	-	-
Maintenance and repairs	14,000	3,000	2,728	272
Meters and equipment	3,500	8,000	7,638	362
Interest	92,492	86,300	86,245	55
Miscellaneous	500	300	283	17
Office expense	100	100	-	100
Contingency	20,000	-	-	-
Payment on long-term debt	70,542	392,700	392,700	-
Internal loan repayment	25,908	25,908	25,908	-
Total expenditures	<u>733,442</u>	<u>896,308</u>	<u>887,542</u>	<u>8,766</u>
Excess (deficit) of revenues over (under) water enterprise expenditures	<u>(3,442)</u>	<u>16,692</u>	<u>25,996</u>	<u>9,304</u>
SEWER ENTERPRISE:				
Revenues				
Charges for services	1,284,500	1,284,500	1,319,968	35,468
Net investment income	270,000	270,000	575,787	305,787
Tap fees	8,000	8,000	-	(8,000)
Miscellaneous income	32,700	32,700	30,525	(2,175)
Internal loan repayment	25,908	25,908	25,908	-
Total revenues	<u>1,621,108</u>	<u>1,621,108</u>	<u>1,952,188</u>	<u>331,080</u>
Expenditures				
Sewer treatment charges	1,238,400	1,238,400	1,193,964	44,436
Engineering	21,200	21,200	46,951	(25,751)
Capital outlay	6,750,000	6,750,000	6,407,976	342,024
Salaries, taxes and benefits	105,100	105,100	106,226	(1,126)
Maintenance, repairs and inspections	330,200	330,200	291,742	38,458
Dues, meeting and other	1,500	1,500	1,369	131
Insurance	17,600	17,600	16,783	817
Interest	304,500	304,500	276,625	27,875
Legal	1,000	1,000	-	1,000
Miscellaneous	4,200	4,200	2,307	1,893
Office expense	36,600	36,600	46,260	(9,660)
Payment on long-term debt	173,736	173,736	89,005	84,731
Contingency	100,000	100,000	-	100,000
Total expenditures	<u>9,084,036</u>	<u>9,084,036</u>	<u>8,479,208</u>	<u>604,828</u>
Excess (deficit) of revenues over (under) sewer enterprise expenditures	<u>(7,462,928)</u>	<u>(7,462,928)</u>	<u>(6,527,020)</u>	<u>935,908</u>
Other financing sources (uses)				
Loan proceeds	6,000,000	6,000,000	6,100,000	100,000
Lease purchase issuance costs	-	-	(100,000)	(100,000)
Transfer from general fund	1,560,564	1,560,564	1,502,000	(58,564)
Total other financing sources (uses)	<u>7,560,564</u>	<u>7,560,564</u>	<u>7,502,000</u>	<u>(58,564)</u>
Excess (deficit) of revenues over (under) sewer enterprise expenditures and other financing sources (uses)	<u>97,636</u>	<u>97,636</u>	<u>974,980</u>	<u>877,344</u>
GENERAL GOVERNMENT:				
Revenues				
Property taxes	1,459,593	1,543,980	1,542,535	(1,445)
Specific ownership taxes	90,000	98,000	98,534	534
Net investment income	20	20	9	(11)
Total revenues	<u>1,549,613</u>	<u>1,642,000</u>	<u>1,641,078</u>	<u>(922)</u>
Expenditures				
County Treasurer's fees	20,200	22,700	22,700	-
Directors fees	6,000	6,000	6,000	-
Dues, travel and meetings	3,000	3,000	-	3,000
Legal	4,500	4,000	3,961	39
Elections and publications	10,000	400	369	31
Accounting and audit	17,000	13,000	12,950	50
Taxes and benefits	500	500	459	41
Miscellaneous	3,500	-	-	-
Office expense	400	400	-	400
Payment for services	-	87,000	86,916	84
Contingency	3,000	3,000	-	3,000
Total expenditures	<u>68,100</u>	<u>140,000</u>	<u>133,355</u>	<u>6,645</u>
Excess (deficit) of revenues over (under) general government expenditures	<u>1,481,513</u>	<u>1,502,000</u>	<u>1,507,723</u>	<u>5,723</u>
Other financing sources (uses)				
Transfer to enterprise fund	(1,560,564)	(1,502,000)	(1,502,000)	-
Total other financing sources (uses)	<u>(1,560,564)</u>	<u>(1,502,000)</u>	<u>(1,502,000)</u>	<u>-</u>
Excess (deficit) of revenues over (under) enterprise expenditures and other financing sources (uses)	<u>(79,051)</u>	<u>-</u>	<u>5,723</u>	<u>5,723</u>
Total district revenues	<u>11,461,285</u>	<u>11,736,672</u>	<u>12,108,804</u>	<u>372,132</u>
Total district expenditures	<u>11,446,142</u>	<u>11,622,344</u>	<u>11,102,105</u>	<u>520,239</u>
Total excess (deficit) of revenues over (under) expenditures	<u>15,143</u>	<u>114,328</u>	<u>1,006,699</u>	<u>\$ 892,371</u>
Funds available - beginning of year	<u>12,022,739</u>	<u>12,022,739</u>	<u>11,929,210</u>	
Funds available - end of year	<u>\$ 12,037,882</u>	<u>\$ 12,137,067</u>	<u>\$ 12,935,909</u>	

ALAMEDA WATER & SANITATION DISTRICT
**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2025

Revenues (budgetary basis)	\$ 12,108,804
Intradistrict loan principal	(25,908)
Intradistrict budgetary transfers	(1,502,000)
Proceeds from long-term debt issuance	<u>(6,100,000)</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>4,480,896</u>
Expenditures (budgetary basis)	11,102,105
Depreciation and amortization	294,418
Capital outlay	(6,407,976)
Principal paid on long-term debt	(481,704)
Intradistrict loan principal	(25,908)
Intradistrict budgetary transfers	<u>(1,502,000)</u>
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>2,978,935</u>
Change in net position per Statement of Revenues, Expenses and Changes in Net Position	<u><u>\$ 1,501,961</u></u>