EAST ALAMOSA
WATER AND SANITATION DISTRICT

FINANCIAL STATEMENTS

December 31, 2025



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

EAST ALAMOSA WATER AND SANITATION DISTRICT
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INDEPENDENT AUDITORS' REPORT

Wall, Smith, Bateman Inc.

To the Board of Directors
East Alamosa Water and Sanitation District
Alamosa, Colorado

Opinions

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of East Alamosa Water and 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of East Alamosa Water and Sanitation 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. Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the General Fund budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the

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

Supplementary Information

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 17, 2026

EAST ALAMOSA
WATER AND SANITATION DISTRICT

BASIC FINANCIAL STATEMENTS

EAST ALAMOSA WATER AND SANITATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	TOTAL
ASSETS			
Current Assets			
Cash and Investments	$ -	$ 1,005,622	$ 1,005,622
Water and Sewer Accounts Receivable	-	65,762	65,762
Property Tax Receivable	91,019	-	91,019
Other Accounts Receivable	-	2,168	2,168
Prepaid Expenses	-	876	876
Total Current Assets	91,019	1,074,428	1,165,447
Noncurrent Assets			
Capital Assets			
Land	-	202,282	202,282
Water Treatment Plant	-	3,792,500	3,792,500
Water Delivery System	-	3,134,200	3,134,200
Bulk Water Station	-	60,733	60,733
Sewer Collection and Treatment System	-	3,967,856	3,967,856
Building and Improvements	-	132,866	132,866
Office Equipment	-	49,462	49,462
Less: Accumulated Depreciation	-	(4,961,891)	(4,961,891)
Total Noncurrent Assets	-	6,378,008	6,378,008
TOTAL ASSETS	91,019	7,452,436	7,543,455
LIABILITIES			
Current Liabilities			
Accounts Payable	-	15,154	15,154
Unearned Revenue	-	6,836	6,836
Notes Payable	-	81,828	81,828
Total Current Liabilities	-	103,818	103,818
Noncurrent Liabilities			
Notes Payable	-	1,275,386	1,275,386
Total Noncurrent Liabilities	-	1,275,386	1,275,386
TOTAL LIABILITIES	-	1,379,204	1,379,204
DEFERRED INFLOWS OF RESOURCES - CURRENT			
Unavailable Revenue - Property Tax	91,019	-	91,019
NET POSITION			
Net Investment in Capital Assets	-	5,020,794	5,020,794
Restricted for TABOR	3,332	-	3,332
Unrestricted	(3,332)	1,052,438	1,049,106
TOTAL NET POSITION	$ -	$ 6,073,232	$ 6,073,232

The accompanying notes are an integral part of this financial statement.

EAST ALAMOSA WATER AND SANITATION DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: TOTAL
Primary Government:							
Governmental Activities:							
General Government	$ 106,542	$ -	$ -	$ -	$ (106,542)	$ -	$ (106,542)
Total Governmental Activities	106,542	-	-	-	(106,542)	-	(106,542)
Business-Type Activities:							
Water	358,346	317,784	-	23,337	-	(17,225)	(17,225)
Sewer	283,816	269,030	-	18,569	-	3,783	3,783
Total Business-Type Activities	642,162	586,814	-	41,906	-	(13,442)	(13,442)
Total Primary Government	$ 748,704	$ 586,814	$ -	$ 41,906	(106,542)	(13,442)	(119,984)
		General Revenues					
		Taxes:					
		General Property Taxes - Net			75,959	-	75,959
		Specific Ownership Taxes			10,554	-	10,554
		Interest Income			-	6,989	6,989
		Miscellaneous			3,398	-	3,398
		Total General Revenues			89,911	6,989	96,900
		Transfers			16,631	(16,631)	-
		Change in Net Position			-	(23,084)	(23,084)
		Net Position, Beginning of Year			-	6,096,316	6,096,316
		Net Position, End of Year			$ -	$ 6,073,232	$ 6,073,232

The accompanying notes are an integral part of this financial statement.

EAST ALAMOSA WATER AND SANITATION DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
December 31, 2025

	GENERAL FUND
ASSETS	
Property Tax Receivable	$ 91,019
TOTAL ASSETS	$ 91,019
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
TOTAL LIABILITIES	$ -
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Tax	91,019
FUND BALANCES	
Restricted for TABOR	3,332
Unrestricted	(3,332)
TOTAL FUND BALANCES	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 91,019

The accompanying notes are an integral part of this financial statement.

EAST ALAMOSA WATER AND SANITATION DISTRICT
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2025

	GENERAL FUND
REVENUES	
Taxes	$ 86,513
Miscellaneous Income	3,398
TOTAL REVENUES	89,911
EXPENDITURES	
Salaries and Benefits	28,426
Payroll Taxes	3,072
Professional Services	24,758
Utilities	3,200
Supplies	16,217
Telephone	967
Board Member Stipend	9,639
Conference Expense	5,232
General Maintenance	4,907
Contract Labor	125
Other Expenditures	9,999
TOTAL EXPENDITURES	106,542
Excess (Deficiency) of Revenues Over Expenditures	(16,631)
OTHER FINANCING SOURCES (USES)	
Transfers (to) from Other Funds	16,631
TOTAL OTHER FINANCING SOURCES (USES)	16,631
Net Change in Fund Balance	-
Fund Balance, Beginning of Year	-
Fund Balance, End of Year	$ -

The accompanying notes are an integral part of this financial statement.

EAST ALAMOSA WATER AND SANITATION DISTRICT
PROPRIETARY FUND
STATEMENT OF NET POSITION
December 31, 2025

	WATER AND SEWER FUND
ASSETS	
Current Assets	
Cash and Investments	$ 1,005,622
Water and Sewer Accounts Receivable	65,762
Other Accounts Receivable	2,168
Prepaid Expense	876
Total Current Assets	1,074,428
Capital Assets	
Land	202,282
Construction in Progress	-
Water Treatment Plant	3,792,500
Water Delivery System	3,134,200
Bulk Water System	60,733
Sewer Collection and Treatment System	3,967,856
Building and Improvements	132,866
Office Equipment	49,462
Less: Accumulated Depreciation	(4,961,891)
Total Capital Assets	6,378,008
TOTAL ASSETS	7,452,436
LIABILITIES	
Current Liabilities	
Accounts Payable	15,154
Unearned Revenue	6,836
Notes Payable	81,828
Total Current Liabilities	103,818
Noncurrent Liabilities	
Notes Payable	1,275,386
Total Noncurrent Liabilities	1,275,386
TOTAL LIABILITIES	1,379,204
NET POSITION	
Net Investment in Capital Assets	5,020,794
Unrestricted	1,052,438
TOTAL NET POSITION	$ 6,073,232

The accompanying notes are an integral part of this financial statement.

EAST ALAMOSA WATER AND SANITATION DISTRICT
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended December 31, 2025

	WATER AND SEWER FUND
OPERATING REVENUES	
Water and Sewer Service Charges	$ 578,375
Miscellaneous Income	8,439
Total Operating Revenues	586,814
OPERATING EXPENSES	
Salaries	61,899
Payroll Taxes	5,528
Sewer Maintenance	37,019
Water Maintenance	29,098
Water Treatment	50,238
Professional Services	20,263
Repairs and Maintenance	32,991
Utilities	22,714
Contract Labor	65,007
Supplies	6,547
Insurance Expense	6,974
Other Expenses	18,336
Depreciation	275,803
Total Operating Expenses	632,417
Operating Income (Loss)	(45,603)
NONOPERATING REVENUES (EXPENSES)	
Grant Income	135
Interest Income	6,989
Interest Expense	(9,745)
Total nonoperating revenues (expenses)	(2,621)
Income (Loss) Before Contributions and Operating Transfers	(48,224)
Capital Contributions	41,771
Transfers (to) from Other Fund	(16,631)
Change in Net Position	(23,084)
Net Position, Beginning of Year	6,096,316
Net Position, End of Year	$ 6,073,232

The accompanying notes are an integral part of this financial statement.

EAST ALAMOSA WATER AND SANITATION DISTRICT
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	WATER AND SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 619,870
Cash Paid to Employees	(67,427)
Cash Paid for Maintenance of System	(173,271)
Cash Paid for Utilities and Other	(76,594)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	302,578
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Paid to Other Funds	(16,631)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(16,631)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant Proceeds	135
Loan Proceeds	-
Principal Paid on Loan	(81,727)
Interest Expense	(9,745)
Capital Contributions	41,771
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(49,566)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Capital Assets	(50,501)
Interest Income	6,989
CASH FLOWS FROM INVESTING ACTIVITIES	(43,512)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	192,869
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	812,753
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,005,622
OPERATING INCOME (LOSS)	$ (45,603)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	275,803
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	34,659
(Increase) Decrease in Prepaid Expenses	31,231
Increase (Decrease) in Unearned Revenue	6,836
Increase (Decrease) in Accounts Payable	(348)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 302,578

The accompanying notes are an integral part of this financial statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of East Alamosa Water and Sanitation District (the District) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards.* The District's significant accounting policies are described below.

REPORTING ENTITY

Primary Government

The District was formed June 23, 1961, pursuant to Chapter 89, Article 5 C.R.S. to provide water and sanitation services to residents of East Alamosa.

Component Units

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the East Alamosa Water and Sanitation District has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the District. The effect of interfund transfers have been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as 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. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental fund:

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

Proprietary fund financial statements are used to account for activities which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

The District reports the following major enterprise fund:

- The ***Water and Sewer Fund*** accounts for user fees and expenses for operating, financing, and maintaining the District's water and sewer systems.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Investments

The District's cash and cash equivalents are considered to be cash in the bank, certificates of deposit and liquid investments with original maturities of three months or less from the date of acquisition. All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15, or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized by the District to the extent it results in a current receivable.

The 2025 property tax levy due January 1, 2026, has been recorded in the financial statements as a receivable and corresponding deferred inflows of resources in the financial statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, water and sewer systems, sewer pumps and equipment, buildings and improvements, office equipment, and construction in progress, are reported in the business-type activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $5,000 and life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Water and Sewer Systems	10-55
Sewer Pumps and Equipment	5-9
Buildings and Improvements	5-40
Office Equipment	5

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as other financing source and debt payments are reported as debt service expenditures.

Compensated Absences

The District employees may earn and accumulate paid time off benefits. These benefits are accrued when incurred in the government-wide financial statements. A liability is reported in the governmental funds only if they have matured, for example as a result of employee resignations or retirements.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental fund balance sheet report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are re-budgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as restricted fund balance.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported based on the extent to which the District is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance*- amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid expenditures.
- *Restricted Fund Balance*- amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance*- amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Directors, the highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board of Directors removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance*- amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Directors or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*- amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and 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 of Directors has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

East Alamosa Water and Sanitation District follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

- Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.
- Publication of a notice stating that the budget is available for public inspection.
- Discussion of the budget in a meeting open to the public.
- Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.

Formal budgetary integration is employed as a management control device for all funds of the District. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP), except for the Enterprise Fund.

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The District did not adopt supplemental appropriations during 2025. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

Stewardship

Total expenditures exceeded budgeted appropriations in the General Fund by $22,292. This may be a violation of Colorado Revised Statutes 29-1-110.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of cash, deposits, and investments for the District are as follows:

Cash on Hand and in Banks	$ 928,286
Investments - CSAFE	77,336
Total Cash, Deposits, and Investments on the Statement of Net Position	$ 1,005,622

CASH AND DEPOSITS

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2025 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At December 31, 2025, $180,918 of the District's bank balance of $942,809 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

INVESTMENTS

The District's investments are subject to interest rate risk, credit risk, and concentration of credit risk. The types of investments which are authorized to be made with District funds are controlled by state statute and the investment policies of the District. Colorado statutes and the District's investment policies specify investment instruments meeting defined rating and risk criteria in which the District may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The District's investment policy allows for the District to invest in local government investment pools. As of December 31, 2025, the Colorado Surplus Asset Fund Trust (CSAFE), the local government investment pool in which the District had invested, was rated AAA by Fitch.

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 values arising from increasing interest rates. The District has no investments with maturities past five years.

CSAFE is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. CSAFE operates similarly to a money market fund and each share is equal in value to $1.00. The investments do not have any unfunded commitments, redemption restrictions, redemption notice periods or withdrawal restrictions. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool

consist of securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements and A1 rated Colorado Depositories collateralized at 102% of market value with Treasury & Agency Securities. Asset allocation is in full conformance with S&P guidelines. CSAFE measures all of its investments at amortized cost.

Investments in local government investment pools or money market funds are not categorized as to risk because they are not evidenced by securities that exist in physical or book entry form.

NOTE 4 CAPITAL ASSETS

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

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Business-type Activities				
Capital assets not being depreciated				
Land	$ 202,282	$ -	$ -	$ 202,282
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	202,282	-	-	202,282
Capital assets being depreciated				
Water Treatment Plant	3,792,500	-	-	3,792,500
Water Delivery System	3,134,200	-	-	3,134,200
Bulk Water Station	60,733	-	-	60,733
Sewer Collection and Treatment System	3,951,503	16,353	-	3,967,856
Building and Improvements	132,866	-	-	132,866
Office Equipment	49,462	-	-	49,462
Total capital assets being depreciated	11,121,264	16,353	-	11,137,617
Less accumulated depreciation for:				
Water Treatment Plant	1,190,027	75,850	-	1,265,877
Water Delivery System	1,246,448	55,516	-	1,301,964
Bulk Water Station	22,958	6,073	-	29,031
Sewer Collection and Treatment System	2,126,362	130,419	-	2,256,781
Buildings and Improvements	73,945	4,557	-	78,502
Office Equipment	26,348	3,388	-	29,736
Total accumulated depreciation	4,686,088	275,803	-	4,961,891
Total Capital Assets being depreciated, net	6,435,176	(259,450)	-	6,175,726
Business-type Activities Capital Assets, Net	$ 6,637,458	$ (259,450)	$ -	$ 6,378,008

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-type Activities	
Water and Sewer	$ 275,803

NOTE 5 LONG-TERM DEBT

Changes in Long-term Debt

Business-type Activities	Beginning Balance 12/31/2024	Additions	Deletions	Ending Balance 12/31/2025	Due Within One Year
Note Payable:					
2008 CWRPDA	$ 900,000	$ -	$ 66,666	$ 833,334	$ 66,667
2021 CWRPDA	304,196	-	9,214	294,982	9,214
2023 CWRPDA	234,745	-	5,847	228,898	5,947
	$ 1,438,941	$ -	$ 81,727	$ 1,357,214	$ 81,828

2008 CWRPDA Note Payable

Note payable to the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of $2,000,000, with an interest rate of 0% to purchase capacity of the City of Alamosa's new treatment plant and other associated appurtenances. The loan is payable in 30 annual payments of $66,667. Final payment is due May 1, 2038. As of December 31, 2025 the balance was $833,334.

2021 CWRPDA Note Payable

In May 2021, the District entered into a loan agreement with CWRPDA for a maximum principal amount of $1,379,742, with an interest rate of 1.5% for the waterline improvement project. During 2023, the project was completed, and the District did not use the remaining project funds. Effective March 10, 2023, the remaining loan principal was reduced by $1,040,294 for these unused project funds to bring the revised loan balance to $339,448. The annual loan repayment was reduced from $57,924 to $13,743 payable in 30 annual payments. The loan is secured with “net revenue” from the water and sanitation fund pledged to repay the loan, and the final payment is due November 1, 2051. As of December 31, 2025 the balance was $294,982.

2023 CWRPDA Note Payable

In October 2023, the District entered into a loan agreement with CWRPDA for a maximum principal amount of $238,072, with an interest rate of 2.25% for a lift station project. The loan is payable in 30 annual payments of $11,065. Final payment is due November 1, 2051. As of December 31, 2025 the balance was $228,898.

The annual debt service for the note payables are as follows:

	Principal	Interest	Total Annual Requirements
2026	$ 81,828	$ 4,390	$ 86,218
2027	82,243	4,249	86,492
2028	82,523	4,106	86,629
2029	82,809	3,961	86,770
2030	83,100	3,814	86,914
2031-2035	420,063	16,780	436,843
2036-2040	261,544	12,751	274,294
2041-2045	103,826	8,409	112,234
2046-2050	113,656	3,730	117,386
2051	45,622	153	45,775
Totals	$ 1,357,214	$ 62,342	$ 1,419,555

NOTE 6 SEGMENT INFORMATION

Because water and sewer services are accounted for in one fund, several items cannot be allocated between each segment. Therefore, a condensed statement of net position and statement of cash flows, as well as some line items have been omitted in the segment information.

The following is a summary of income and expense information on the various segments of the Proprietary Fund.

	Water	Sewer	Total
Operating Revenues			
Service Charges	$ 313,214	$ 265,161	$ 578,375
Miscellaneous Income	4,570	3,869	8,439
Total Operating Revenues	317,784	269,030	586,814
Operating Expenses			
Operating Expenses	212,077	144,537	356,614
Depreciation Expense	141,741	134,062	275,803
Total Operating Expenses	353,818	278,599	632,417
OPERATING INCOME (LOSS)	(36,034)	(9,569)	(45,603)
Non-Operating Revenues (Expenses)			
Grant Income	-	135	135
Interest Income	3,785	3,204	6,989
Interest Expense	(4,528)	(5,217)	(9,745)
Total Non-Operating Revenues (Expenses)	(743)	(1,878)	(2,621)
Income (Loss) Before Contributions and Operating Transfers	(36,777)	(11,447)	(48,224)
Capital Contributions	23,337	18,434	41,771
Transfers to/from Other Fund	(9,006)	(7,625)	(16,631)
Change in Net Position			(23,084)
Net Position, Beginning of Year			6,096,316
Net Position, End of Year			$ 6,073,232

	Water	Sewer	Total
Total Capital Assets	$ 7,176,879	$ 4,163,020	$ 11,339,899
Less: Accumulated Depreciation	(2,687,065)	(2,274,826)	(4,961,891)
Net Capital Assets	$ 4,489,814	$ 1,888,194	$ 6,378,008

NOTE 7 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The

amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. During 1995 the voters of the District approved a measure, which allows the District to retain and spend revenue in excess of the limit.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending in 1995 and thereafter. This emergency reserve has been presented as a restricted fund balance in the General Fund and restricted net position in the government-wide Statement of Net Position. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

NOTE 9 DEFINED CONTRIBUTION PLAN

All eligible District employees participate in a Simplified Employee Pension Plan (the Plan), a defined contribution plan. The Plan is a tax qualified plan under Section 408(p) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal. The Plan is administered by Raymond James. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Benefit terms, including contribution requirements, for the Plan are established and may be amended by resolution of the Board of Directors.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees are eligible immediately upon their employment with the District, and participation is mandatory. Employee and employer contributions are always 100% vested.

The District contribution rate was 3% of the compensation of each employee. Each participant contributes a minimum amount equal to the District's contribution, and are permitted to make additional contributions up to applicable Internal Revenue Code Limits. For the year ended December 31, 2025, employee contributions totaled $1,029 and the District recognized pension expense of $1,029. The District had no liability to the Plan at December 31, 2025. The District recognized $0 of forfeitures in pension expense during 2025.

EAST ALAMOSA
WATER AND SANITATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

EAST ALAMOSA WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Taxes	$ 88,850	$ 88,850	$ 86,513	$ (2,337)
Miscellaneous Income	500	500	3,398	2,898
TOTAL REVENUES	89,350	89,350	89,911	561
EXPENDITURES				
Salaries and Benefits	23,000	23,000	28,426	(5,426)
Payroll Taxes	1,650	1,650	3,072	(1,422)
Professional Services	9,500	9,500	24,758	(15,258)
Utilities	2,700	2,700	3,200	(500)
Supplies	8,000	8,000	16,217	(8,217)
Telephone	200	200	967	(767)
Board Member Stipend	12,000	12,000	9,639	2,361
Conference Expense	6,000	6,000	5,232	768
General Maintenance	3,600	3,600	4,907	(1,307)
Contract Labor	500	500	125	375
Other Expenditures	17,100	17,100	9,999	7,101
TOTAL EXPENDITURES	84,250	84,250	106,542	(22,292)
Excess (Deficiency) of Revenues Over Expenditures	5,100	5,100	(16,631)	22,853
OTHER FINANCING SOURCES (USES)				
Transfers from Other Fund	-	-	16,631	16,631
TOTAL OTHER FINANCING SOURCES (USES)	-	-	16,631	16,631
Net Change in Fund Balance	5,100	5,100	-	39,484
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ 5,100	$ 5,100	$ -	$ 39,484

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

EAST ALAMOSA
WATER AND SANITATION DISTRICT

SUPPLEMENTARY INFORMATION

EAST ALAMOSA WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - NON-GAAP
WATER AND SEWER FUND
For the Year Ended December 31, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
OPERATING REVENUES				
Water and Sewer Service Charges	$ 621,900	$ 621,900	$ 578,375	$ (43,525)
Miscellaneous Income	5,000	5,000	8,439	3,439
Total Operating Revenues	626,900	626,900	586,814	(40,086)
OPERATING EXPENSES				
Salaries	93,000	93,000	61,899	31,101
Payroll Taxes	15,000	15,000	5,528	9,472
Sewer Maintenance	65,000	65,000	37,019	27,981
Water Maintenance	10,000	10,000	29,098	(19,098)
Water Treatment	68,000	68,000	50,238	17,762
Professional Services	40,000	40,000	20,263	19,737
Repairs and Maintenance	25,500	25,500	32,991	(7,491)
Utilities	37,500	37,500	22,714	14,786
Contract Labor	65,000	65,000	65,007	(7)
Supplies	6,000	6,000	6,547	(547)
Insurance Expense	14,000	14,000	6,974	7,026
Other Expenses	41,696	41,696	18,336	23,360
Total Operating Expenses	480,696	480,696	356,614	124,082
Operating Income (Loss)	146,204	146,204	230,200	83,996
NONOPERATING REVENUES (EXPENSES)				
Grant Income	32,946	32,946	135	(32,811)
Interest Income	-	-	6,989	6,989
Capital Improvements	-	-	16,353	16,353
Interest Expense	-	-	(9,745)	(9,745)
Principal Payment	(91,474)	(91,474)	(81,727)	9,747
Total Nonoperating Revenues (Expenses)	(58,528)	(58,528)	(67,995)	(9,467)
Income (Loss) Before Contributions and Operating Transfers	87,676	87,676	162,205	74,529
Capital Contributions	20,000	20,000	41,771	21,771
Transfers (to) from Other Fund	-	-	(16,631)	(16,631)
Net Income (Loss) - Budget Basis	107,676	107,676	187,345	$ 79,669
Add: Capital Improvements			(16,353)	
Deduct: Depreciation			(275,803)	
Add: Loan Principal Payment			81,727	
Net Income (Loss)			(23,084)	
Net Position, Beginning of Year	4,313,118	4,313,118	6,096,316	
Net Position, End of Year	$ 4,420,794	$ 4,420,794	$ 6,073,232	