GENESEE WATER AND SANITATION DISTRICT
JEFFERSON COUNTY, COLORADO

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT

December 31, 2025 and 2024

Genesee Water and Sanitation District

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Genesee Water and Sanitation District
Jefferson County, Colorado

Opinion

We have audited the financial statements of the business-type activities of Genesee Water and Sanitation District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Genesee Water and Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Genesee 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 Opinion

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

Other Matter - Prior-Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2024, from which such summarized information was derived.

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 Genesee Water and Sanitation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 Genesee Water and Sanitation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Genesee Water and Sanitation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 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 as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenses and Changes in Net Position- Budget and Actual 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 Schedule of Revenues, Expenses and Changes in Net Position- Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express any opinion or provide any assurance on them.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC
Centennial, Colorado
June 30, 2026

Genesee Water and Sanitation District

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Genesee Water and Sanitation District (the District), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of Genesee Water and Sanitation District for the year ended December 31, 2025.

Financial Highlights

- Net Position increased by $421,943 (4%) when compared to 2024
- District Revenues decreased by $92,656 (-2%) when compared to 2024
- District Expenses increased by $172,963 (5%) when compared to 2024

Overview of the Financial Statements

The basic financial statements of the District are presented as a special purpose government engaged in business type activities – providing water and sanitation services, through its enterprise.

The *Statements of Net Position* present information on all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as Net Position. Over time, increases or decreases in the 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 which reflects how the District's Net Position changed during the past year. All changes in the Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

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

These financial statements distinguish between functions of the District that will be principally supported by service charges and property taxes. The functions of the District include effective and economical operation of water and sanitation systems within the jurisdictional boundaries of the District.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budgetary comparisons presented for legal compliance.

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

Genesee Water and Sanitation District

Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of the District's financial position. Net Position increased $421,943 from 2024 to 2025. In the case of the District, assets exceeded liabilities and deferred inflows by a total of $12,171,939 in 2025, compared to $11,749,996 in 2024, comprised of $8,687,799 and $3,484,140 for water and sanitation, respectively.

	Statement of Net Position Fiscal Year Ended December 31, 2025			Statement of Net Position Fiscal Year Ended December 31, 2024		
	Water	Sanitation	Total	Water	Sanitation	Total
ASSETS						
Current assets						
Cash, restricted cash and investments	$ 1,273,553	$1,248,391	$ 2,521,944	$ 1,580,529	$1,002,952	$ 2,583,481
Accounts receivable - service fees	256,992	245,043	502,035	238,185	239,659	477,844
Property taxes receivable	836,893	-	836,893	837,963	-	837,963
Other	260	-	260	10,541	8,630	19,171
Total current assets	2,367,698	1,493,434	3,861,132	2,667,218	1,251,241	3,918,459
Capital assets, net of depreciation	20,049,289	2,255,407	22,304,696	20,313,014	2,429,362	22,742,376
Total Assets	22,416,987	3,748,841	26,165,828	22,980,232	3,680,603	26,660,835
LIABILITIES						
Current liabilities						
Accounts payable	38,491	13,686	52,177	32,501	29,166	61,667
Retainage payable	-	-	-	-	-	-
Other accrued liabilities	3,997	3,815	7,812	3,925	3,815	7,740
Current portion of L-T liabilities	858,877	35,241	894,118	852,296	32,460	884,756
Accrued Interest Payable	130,309	725	131,034	136,951	812	137,763
Total current liabilities	1,031,674	53,467	1,085,141	1,025,673	66,253	1,091,926
Long-term obligations						
Compensated Benefits	55,659	47,823	103,482	61,591	53,821	115,412
Long-term obligations, net	11,804,962	163,411	11,968,373	12,665,363	200,175	12,865,538
Total long-term liabilities	11,860,621	211,234	12,071,855	12,726,954	253,996	12,980,950
Total Liabilities	12,892,295	264,701	13,156,996	13,752,627	320,249	14,072,876
DEFERRED INFLOWS OF RESOURCES	836,893	-	836,893	837,963	-	837,963
Total Liabilities including Deferred	13,729,188	264,701	13,993,889	13,564,917	253,996	13,818,913
NET POSITION						
Net investment in capital assets	7,385,450	2,056,755	9,442,205	6,856,946	2,250,548	9,107,494
Restricted						
Debt payment/service reserve	202,746	-	202,746	143,029	-	143,029
Emergency reserve	36,714	31,368	68,082	35,675	31,246	66,921
Unrestricted	1,062,889	1,396,017	2,458,906	2,379,665	1,144,813	3,524,478
TOTAL NET POSITION	$ 8,687,799	$3,484,140	$ 12,171,939	$ 9,415,315	$3,426,607	$ 12,841,922

The largest portion of the District's Net Position reflects its investment in capital assets, less any related debt used to acquire those assets that may still be outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities; these other sources are primarily comprised of service charges and property taxes and included in Revenue as shown on the following page.

The District's net investment in capital assets at December 31, 2025 is $9,442,205, which increased by $450,123 from 2024 to 2025. This investment in capital assets includes the complete operating system including reservoirs, as well as buildings, equipment, vehicles, and water rights. It should be noted that the actual value of the District's water rights portfolio cannot be accurately quantified as the rights have a perpetual life, and generally become increasingly valuable over time. Management holds the opinion that the water rights currently held by the District have a greater value than the acquisition price reflected in the financial statements.

The District's capital assets, net of accumulated depreciation, decreased by $437,680 from 2024 to 2025. The net decrease was due to a decrease of $263,725 for water and a decrease of $173,955 for sanitation. Additional details about the District's capital assets can be found in Note 4 of this report.

The District's total long-term obligation is $12,862,491 as of December 31, 2025, representing a net decrease in total long-term obligations of $887,803 from 2024 to 2025. Of this total, $894,118 is due within one year. Refer to Note 5 regarding the purpose, terms and covenant summaries for prior and all long-term obligations.

As noted earlier, the District's Revenues decreased by $92,656 and Expenses increased by $172,963 when compared to 2024.

District operating revenue increased by $75,416 when compared to 2024, including increases of $65,657 and $9,759 for water and sanitation service fees, respectively. Nonoperating Revenue decreased by $168,073 when compared to 2024; most of this decrease is attributed to a decrease in grant revenue, a decrease in property taxes, and a decrease in other revenue and interest income. Grant revenue was associated with previous years' capital project, therefore it is not expected revenue in a typical year.

The District collected $812,767 in property taxes, net of fees, and specific ownership taxes of $56,814. The District received $620,135 in Capital Replacement Fees, which are budgeted as a source of revenue within the Capital Replacement Fund. During the year, the District earned interest income of $106,109 from available cash and investments. Finally, gain from sales of assets during 2025 amounted to $6,400.

District expenses increased by $172,963 when compared to 2024, comprised of an increase of $171,748 for water and $7,740 for sanitation. Expense categories for salaries and benefits, auto and travel, testing and analysis, telephone and communications, and office expenses decreased. Expense categories for utilities, chemicals, testing, tools and equipment, testing, dues, professional fees and depreciation increased. Decreased expenses represent unplanned reduced staffing and other timing variations. Nonoperating expenses increased by $104,036 when compared to 2024.

Genesee Water and Sanitation District

	Statement(s) of Revenues, Expenses, and Change in Net Position (Statement of Activities)			Statement(s) of Revenues, Expenses, and Change in Net Position (Statement of Activities)		
	Fiscal Year Ended December 31, 2025			Fiscal Year Ended December 31, 2024		
	Water	Sanitation	Total	Water	Sanitation	Total
REVENUE						
Operating Revenue (Service fees)	$ 1,322,798	$ 1,260,475	$ 2,583,273	$ 1,257,478	$ 1,250,882	$ 2,508,360
Capital replacement fees	415,431	204,704	620,135	415,094	204,538	619,632
Total operating revenue	1,738,229	1,465,179	3,203,408	1,672,572	1,455,420	3,127,992
Nonoperating Revenue						
Property taxes, net of fees	812,767	-	812,767	819,425	-	819,425
Specific ownership taxes	56,814	-	56,814	54,191	-	54,191
Grant revenue	-	-	-	138,400	-	138,400
Interest income and other	119,345	8,289	127,634	138,307	14,964	153,271
Total nonoperating revenue	988,926	8,289	997,215	1,150,323	14,964	1,165,287
Total Revenue	2,727,155	1,473,468	4,200,623	2,822,895	1,470,384	4,293,279
EXPENSES						
Operating Expenses						
Salaries and benefits	629,706	585,596	1,215,302	622,167	605,768	1,227,935
Utilities and communications	197,819	138,170	335,989	194,037	129,750	323,787
Chemicals, Supplies, R&M,	232,335	180,344	412,679	217,917	178,604	396,521
Insurance, Professional fees,	163,935	141,507	305,442	155,036	128,991	284,027
Depreciation Expense	919,937	296,326	1,216,263	887,175	297,303	1,184,478
Total operating expenses	2,143,732	1,341,943	3,485,675	2,076,332	1,340,416	3,416,748
Nonoperating Expenses						
Interest expense and other	285,265	7,740	293,005	180,917	8,052	188,969
Total Expenses	2,428,997	1,349,683	3,778,680	2,257,249	1,348,468	3,605,717
CHANGE IN NET POSITION	298,158	123,785	421,943	565,646	121,916	687,562
Net Position - Beginning of Year	8,389,642	3,360,354	11,749,996	7,823,996	3,238,438	11,062,434
Net Position - End of Period or	$ 8,687,800	$ 3,484,139	$ 12,171,939	$ 8,389,642	$ 3,360,354	$ 11,749,996
Reconcile to Budgetary Presentation:						
CHANGE IN NET POSITION			421,943			687,562
Add Loan Proceeds Received			-			848,262
Deduct Loan Principal Payments			(887,803)			(800,788)
Deduct Capital Outlay			(778,584)			(887,725)
Add Depreciation Expense			1,216,263			1,184,478
Timing Adjustments or rounding			-			2
Total adjustments (GAAP to Budget):			(450,124)			344,229
Net Income - budgetary basis			$ (28,181)			$ 1,031,791

Differences between the Change in Net Position and the Budgetary Net Income are shown in the reconciliation above. Net Loss on a budgetary basis is $(28,181) as of December 31, 2025, compared to $1,031,791 in the prior year of 2024. See Budgetary Highlights below for additional information regarding budgetary and fund balances.

Budgetary Highlights

The District prepares each annual budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sale of assets, debt repayments, and capital outlay, in addition to operating and non-operating revenue and expenses. Furthermore, depreciation expenses and capital contributions of facilities, if any, are not reflected on the budget since they do not affect “funds available.” Additionally, the budget separates the Enterprise and Government functions that occur within the District.

In conjunction with long term financial planning and annual budgeting, the District’s Management and Board reviews Water and Sewer service fees at least annually. Proposed changes to rates and fees, including the capital replacement fees, if any, are provided to the customers of the District in a public meeting. Due to the nature of substantial capital investments and the long-term deterioration of capital assets, it is essential that the District does not overlook relatively short-term budgetary goals at the expense of long-term capital improvement and replacement objectives.

The Original Budget, Final Budget, and Actual details are provided in the Supplementary Information near the end of this report. The table below shows a high-level summary for comparative purposes for 2025, 2024, and 2023.

Genesee Water and Sanitation District

Schedule of Revenues, Expenses and Changes in Net Position (Budgetary Basis)
Budget and Actual for the Year Ending

	12/31/2025		12/31/2024		12/31/2023	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenue	4,242,246	4,200,623	5,037,534	5,141,541	8,256,855	8,208,746
Expenses	4,479,749	4,228,804	4,343,693	4,109,750	7,834,871	7,407,736
Net Income - budgetary basis	(237,503)	(28,181)	693,841	1,031,791	421,984	801,010

The Actual Net Loss was less than the Budgeted Loss by $209,324; much of this variance was dispersed across categories, but Operating Expenses contributed to these savings by a positive variance of $223,633.

Historically, the budget has been organized into the following four categories for the purpose of grouping and tracking sources and uses of funds. Subject to certain requirements and restrictions, revenue that exceed expenditures in any one year may be 'carried forward' to future years and set aside as "reserves" such as debt service reserves, operating and maintenance reserves, and capital replacement reserves. Such budgetary "carry forward" balances are referred to as the beginning fund balance, and as such do not stand for actual cash balances.

These budgetary Funds are listed below:

- Government Fund
- Enterprise Fund
- Capital Replacement Fund (CRF)
- Building Authority Fund

The purpose of tracking the uses and sources of funds by fund balance is to aid with the timing of cash flows within one or future budgetary years, and to track the relative increases and decreases in each fund for periods greater than one budget year.

The Government Fund holds the property tax revenue and is the source for the General Obligation (GO) Bonds payments for each budget year. As approved within the Budget and allowed by the voter approved taxes and purposes, this Fund includes a reserve component.

The Capital Replacement and the Building Authority Funds are both subsets of the Enterprise Fund. The Enterprise Fund is defined in Note 9.

The table below shows actual results in a budgetary format for comparative purposes for 2025, 2024, 2023 and 2022, as well as the changes in fund balance and allocation to these Funds on a budgetary basis.

Genesee Water and Sanitation District

Schedule of Revenues, Expenses and Changes in Net Position With Fund Balances

	Actual - Fiscal Year Ending			
	12/31/2025	12/31/2024	12/31/2023	12/31/2022
REVENUE				
Operating Revenue				
Operating Revenue (Service fees)	$ 2,583,273	$ 2,508,360	$ 2,449,298	$ 2,215,763
Capital replacement fees	620,135	619,632	619,723	620,046
Total operating revenue	$ 3,203,408	$ 3,127,992	$ 3,069,021	$ 2,835,809
Nonoperating Revenue				
Property taxes, net of fees	812,767	819,425	827,856	821,432
Specific ownership taxes	56,814	54,191	60,173	57,646
Grant revenue		138,400	642,036	450,000
Loan proceeds		848,262	3,285,004	849,151
Interest income and other	127,634	153,271	324,656	29,116
Total nonoperating revenue	997,215	2,013,549	5,139,725	2,207,345
Total Revenue	4,200,623	5,141,541	8,208,746	5,043,154
			-	
EXPENSES				
Operating Expenses				
Salaries and benefits	1,215,302	1,227,935	1,101,151	1,139,761
Utilities and communications	335,989	323,787	296,538	305,254
Chemicals, Supplies, R&M,	412,679	396,521	352,455	297,551
Insurance, Professional fees,	305,442	284,027	327,356	315,778
Total operating expenses	2,269,412	2,232,270	2,077,500	2,058,344
Nonoperating Expenses				
Loan Principal Payments	887,803	800,788	789,558	847,690
Capital Outlay	778,584	887,725	4,308,859	1,534,604
Interest expense and other	293,005	188,967	231,819	217,143
Total nonoperating expenses	1,959,392	1,877,480	5,330,236	2,599,437
Total Expenses and Capital Outlay	4,228,804	4,109,750	7,407,736	4,657,781
NET INCOME - budgetary basis	(28,181)	1,031,791	801,010	385,373
Funds Available - Beginning of Year	2,873,995	1,842,204	1,041,194	655,821
Funds Available - End of Year	2,845,814	2,873,995	1,842,204	1,041,194
Allocation by Fund - End of Year				
Government Fund	181,750	143,029	96,889	39,426
Enterprise Fund	965,261	785,222	546,705	166,273
Capital Replacement Fund	1,620,335	1,867,276	1,120,142	835,495
Building Authority Fund	78,468	78,468	78,468	-
	2,845,814	2,873,995	1,842,204	1,041,194

Requests for Information

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

Director of Administration
2310 Bitterroot Lane
Golden, CO 80401

GENESEE WATER AND SANITATION DISTRICT

Statements of Net Position

December 31, 2025 and 2024

	Water	Sanitation	Totals 2025	Totals 2024
ASSETS				
Current assets:				
Cash and investments	$ 1,070,807	$ 1,248,391	$ 2,319,198	$ 2,440,422
Cash and investments - restricted	202,746	--	202,746	143,029
Accounts receivable - service fees	256,992	245,043	502,035	477,844
Property taxes receivable	836,893	--	836,893	837,963
Other current assets	260	--	260	19,201
Total current assets	2,367,698	1,493,434	3,861,132	3,918,459
Capital assets:				
Capital assets not being depreciated	159,295	--	159,295	165,204
Capital assets being depreciated, net	19,889,994	2,255,407	22,145,401	22,577,172
Total capital assets	20,049,289	2,255,407	22,304,696	22,742,376
TOTAL ASSETS	22,416,987	3,748,841	26,165,828	26,660,835
LIABILITIES				
Current liabilities:				
Accounts payable	38,491	13,686	52,177	61,667
Other accrued liabilities	3,997	3,815	7,812	7,740
Current portion of long-term obligations	858,877	35,241	894,118	884,756
Accrued interest payable	130,309	725	131,034	137,763
Total current liabilities	1,031,674	53,467	1,085,141	1,091,926
Long-term obligations:				
Long-term obligations, net	11,804,962	163,411	11,968,373	12,865,538
Compensated benefits	55,659	47,823	103,482	115,412
Total long-term liabilities	11,860,621	211,234	12,071,855	12,980,950
TOTAL LIABILITIES	12,892,295	264,701	13,156,996	14,072,876
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	836,893	--	836,893	837,963
Total deferred inflows of resources	836,893	--	836,893	837,963
NET POSITION				
Net investment in capital assets	7,385,450	2,056,755	9,442,205	8,992,082
Restricted				
Debt payment reserve	181,750	--	181,750	143,029
Debt service reserve	20,996	--	--	--
Emergency reserve	36,714	31,368	68,082	66,921
Unrestricted	1,062,889	1,396,017	2,479,902	2,547,964
TOTAL NET POSITION	$ 8,687,799	$ 3,484,140	$ 12,171,939	$ 11,749,996

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

GENESEE WATER AND SANITATION DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the years ended December 31, 2025 and 2024

	Water	Sanitation	Totals 2025	Totals 2024
OPERATING REVENUE				
Service fees	$ 1,322,798	$ 1,260,475	$ 2,583,273	$ 2,508,360
Capital replacement fees	415,431	204,704	620,135	619,632
Total operating revenue	1,738,229	1,465,179	3,203,408	3,127,992
OPERATING EXPENSES				
Salaries and benefits	627,059	586,449	1,213,508	1,227,935
Utilities	183,659	109,504	293,163	285,933
Repairs and maintenance	150,331	116,307	266,638	237,019
Auto and travel	10,722	10,460	21,182	38,613
Chemicals and supplies	37,488	52,261	89,749	81,365
Director's fees	2,650	2,650	5,300	7,200
Ditch assessment	7,750	--	7,750	6,206
Insurance	57,669	57,669	115,338	106,906
Telephone and communications	14,160	12,644	26,804	33,908
Office supplies and expenses	56,564	57,678	114,242	130,928
Testing and analysis	7,622	8,339	15,961	18,101
Professional fees	51,716	11,805	63,521	42,084
Miscellaneous	--	--	--	76
Dues and publications	2,204	14,265	16,469	7,845
Small tools and equipment	14,201	5,585	19,786	8,151
Depreciation	919,937	296,326	1,216,263	1,184,478
Total operating expenses	2,143,732	1,341,942	3,485,674	3,416,748
OPERATING LOSS	(405,503)	123,237	(282,266)	(288,756)
NONOPERATING REVENUE AND (EXPENSES)				
Property taxes, net of treasurer fees	812,767	--	812,767	819,425
Specific ownership taxes	56,814	--	56,814	54,191
Grant revenue	--	--	--	138,400
Interest income	106,109	--	106,109	114,556
Gain on sale of capital assets	3,200	3,200	6,400	3,201
Other revenue	10,035	5,089	15,124	35,514
Interest expense	(285,265)	(7,740)	(293,005)	(188,969)
Total nonoperating revenues	703,660	549	704,209	976,318
CHANGE IN NET POSITION	298,157	123,786	421,943	687,562
NET POSITION - BEGINNING OF YEAR	8,389,642	3,360,354	11,749,996	11,062,434
NET POSITION - END OF YEAR	$ 8,687,799	$ 3,484,140	$ 12,171,939	$ 11,749,996

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

GENESEE WATER AND SANITATION DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	Water	Sanitation	Totals 2025	Totals 2024
Cash flows from operating activities:				
Cash received from customers	$ 1,729,733	$ 1,468,425	$ 3,198,158	$ 3,534,391
Cash payments to employees for services	(632,991)	(592,447)	(1,225,438)	(1,204,757)
Cash payments to suppliers for goods and services	(597,315)	(474,734)	(1,072,049)	(1,226,814)
Net cash provided by operating activities	499,427	401,244	900,671	1,102,820
Cash flows from capital and related financing activities				
Net property and specific ownership taxes received	869,581	--	869,581	873,616
Grant revenue received	--	--	--	138,400
Acquisition of capital assets	(656,213)	(122,371)	(778,584)	(887,725)
Cash received on sale of capital assets	3,200	3,200	6,400	7,942
Cash received on debt issuance	--	--	--	848,264
Principal paid on general obligation of debt	(853,820)	(33,983)	(887,803)	(800,788)
Interest paid on general obligation debt	(285,265)	(7,740)	(293,005)	(188,969)
Other revenue	10,035	5,089	15,124	38,715
Net cash provided by capital and related financing activities	(912,482)	(155,805)	(1,068,287)	29,455
Cash flows from investing activities:				
Investment earnings received	106,109	--	106,109	114,556
Net cash provided by investing activities	106,109	--	106,109	114,556
Net (decrease) increase in cash and investments	(306,946)	245,439	(61,507)	1,246,831
Cash, investments and restricted cash beginning of year	1,580,499	1,002,952	2,583,451	1,336,620
Cash, investments and restricted cash end of year	$ 1,273,553	$ 1,248,391	$ 2,521,944	$ 2,583,451
Reconciliation of operating loss to net cash provided (used) by operations:				
Operating (loss) income	$ (405,503)	$ 123,237	$ (282,266)	$ (288,756)
Adjustments to reconcile operating loss to cash provided by operating activities:				
Depreciation	919,937	296,326	1,216,263	1,184,478
Gain on sale of capital assets	--	--	--	(3,201)
(Increase) decrease in:				
Receivables	(18,807)	(5,384)	(24,191)	405,266
Other current assets	10,311	8,630	18,941	1,133
Increase (decrease) in:				
Accounts payable	5,990	(15,480)	(9,490)	(227,592)
Other accrued liabilities	72	-	72	13
Compensated benefits	(5,932)	(5,998)	(11,930)	23,178
Accrued interest payable	(6,641)	(87)	(6,728)	8,301
Net cash provided by operating activities	$ 499,427	$ 401,244	$ 900,671	$ 1,102,820

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

Note 1: Definition of Reporting Entity

Genesee Water and Sanitation District (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 established to provide water and sewage treatment services to the properties within its service area.

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. Based on this definition, the District has determined that the Genesee Water and Sanitation Building Authority (Corporation), a nonprofit corporation organized and existing under the laws of the State of Colorado, is a component unit of the District and has blended the financial information of the Corporation into the District's financial statements.

The District established an Enterprise of the Genesee Water and Sanitation District (Enterprise) by Resolution of the Board of Directors of the District in 1993. The Enterprise was organized as a "Water Activity Enterprise" within the meaning of Title 37, Article 45.1, Part1, C.R.S. and has been established as and constitutes an enterprise within the meaning of Article X, Section 20 of the Colorado Constitution (see Note 10). The District's Board of Directors serves as the Board of Directors for the Enterprise. The Enterprise is considered a component unit of the District and blended in the District's financial statements. Separate financial statements of the Enterprise are not issued.

The District is not a component unit of any other primary governmental entity.

Note 2: Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund.

Basis of Accounting - The District's financial statements maintained on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the 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 long- term obligations are recorded as reductions in liabilities.

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.

Restricted cash and investments represent funds available as of December 31, 2025 and 2024 for the repayment of GO debt and for one-tenth of the annual 2021 revenue loan payment.

Accounts receivable, allowance for doubtful accounts - User fees and capital replacement 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, no provision for uncollectible receivables has been made in the financial statements.

Capital assets - Capital assets include water and sanitation operating systems and equipment and vehicles. Capital assets are defined by the District as those assets with an initial, individual cost of $1,000 or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation or at the developer's cost.

The District's water rights include those contributed by developers, in addition to those acquired by the District. Contributed water rights are reported at fair value based on an estimated price per acre-foot of water as of the date of the contribution. The cost of water rights includes acquisition cost, legal and engineering fees related to the development and augmentation of those rights. All other costs, including costs incurred for the protection of those rights, are expensed when incurred.

The District has developed a varied water rights portfolio. These water rights provide a dependable water supply for the District customers. The water rights of the District do not have a definite useful life; therefore, no amortization expense is being recognized on them in accordance with GASB Statement No. 51.

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 capital 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:

Operating systems	5 to 49 years
Equipment and vehicles	2 to 10 years

Leases and Subscription-Based IT Arrangements - Under GASB 87 and 96, the District recognizes short-term lease payments as outflows of resources based on the payment provisions of the lease contract.

Compensated absences - District employees earn a general leave benefit at the rate of 23 to 35 days per year based on length of service which is to be used for general leave. Employees are generally allowed to accrue up to 70 days of unused general leave days each at the end of each calendar year. Compensated absences are recognized as current salary expense when earned.

Deferred Inflow/Outflow of Resources - In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period 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.

Net position - Net position is classified as net position and may be displayed in three components:

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

- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets." This net position is available for future operations or distributions.

For presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Operating revenues and expenses - The District distinguishes between operating revenues and expenses from non-operating 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 sanitation services to its customers. Operating revenues consist of charges to customers for service provided. Capital replacement fees are recurring monthly charges assessed for all users for the purpose of long-term debt and infrastructure replacements and improvements. The fees are assessed regularly and are a part of the District's primary operations. 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 non-operating revenues and expenses or capital contributions.

Property Taxes - Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the 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 or December. The County Treasurer remits the taxes collected monthly to the District.

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

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.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect 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:

	Water	Sanitation	2025	2024
Cash and investments	$ 1,070,807	$ 1,248,391	$ 2,319,198	$ 2,440,422
Cash and investments – restricted	202,746	-	202,746	149,029
Total cash and investments	$ 1,273,553	$ 1,248,391	$ 2,521,944	$ 2,583,451

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

	2025	2024
Deposits with financial institutions	$ 7,618	$ 41,014
Investments	2,514,346	2,542,437
Total Cash and Investments	$ 2,521,944	$ 2,583,451

At December 31, 2025 and 2024, the District's cash deposits had bank balances of $16,775 and $70,851, respectively, and carrying balances of $7,618 and $41,014, respectively.

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.

As of December 31, 2025 and 2024, all of the District's deposits were either held in deposit accounts insured by the Federal Deposit Insurance Corporation or in eligible depositories as required by PDPA.

Investments

Credit risk

The District follows Colorado Revised Statutes regarding its investments. Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include local government investment pools.

Investment Valuation

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; Level 3 inputs are significant unobservable inputs.

Investments:	Fair Value	
	2025	2024
COLOTRUST (at NAV)	$ 2,514,346	$ 2,542,437

Custodial and concentration of credit risk

The District invests in the Colorado Local Government Liquid Asset Trust (Colotrust or the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State Statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS-24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colotrust is rated AAAm by Standard and Poor's. Colotrust records its investments at fair value and the District records its investment in Colotrust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest rate risk

The District has a formal investment policy that limits investment maturities to five years from the purchase date as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 4: Capital Assets

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

	Balance at December 31, 2024	Increases	Decreases	Reclassifications	Balance at December 31, 2025
Water					
Capital assets, not being depreciated					
Water Rights	$ 147,563	$ 11,732	$ --	$ --	$ 159,295
Construction in Progress	17,641	--	--	(17,641)	--
Total capital assets not being depreciated	165,204	11,732	--	(17,641)	159,295
Capital assets being depreciated					
Operating system and Building	39,008,858	576,495	--	17,641	39,602,994
Equipment and Vehicles	567,729	67,985	(95,805)	--	539,909
Total capital assets being depreciated	39,576,587	644,480	(95,805)	17,641	40,142,903
Less accumulated depreciation	(19,428,777)	(919,937)	95,805	--	(20,252,909)
Total capital assets being depreciated, net	20,147,810	(275,457)	--	17,641	19,889,994
Total capital assets, net	$ 20,313,014	$ (263,725)	$ --	$ --	$ 20,049,289
Sanitation					
Capital assets being depreciated					
Operating system and building	$ 13,479,147	$ 72,541	$ --	$ --	$ 13,551,688
Equipment and vehicles	582,320	49,830	(95,805)	--	536,345
Total capital assets being depreciated	14,061,467	122,371	(95,805)	--	14,088,033
Less accumulated depreciation	(11,632,105)	(296,326)	95,805	--	(11,832,626)
Total capital assets being depreciated, net	$ 2,429,362	$ (173,955)	$ --	$ --	$ 2,255,407

Note 5: Long Term Obligations

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
2015 GO Loan - CWRPDA	$ 6,787,397	$ -	$ 618,830	$ 6,168,567	$ 620,752
2015 Revenue Loan – CWRPDA	1,375,000	-	125,000	1,250,000	125,000
Building mortgage	465,270	-	67,973	397,297	70,466
2021 Revenue Loan – CWCB	5,122,627	-	76,000	5,046,627	77,900
Total Long-Term Obligations	$ 13,750,294	$ -	$ 887,803	$ 12,862,491	$ 894,118

Loans payable

2015 General Obligation Loan Agreement, $9,790,312 - Colorado Water Resources and Power Development Authority

The loan agreement dated April 23, 2015 for a total principal amount of $9,790,312 between the District and Colorado Water Resources and Power Development Authority (CWRPDA), was entered into for the purpose of constructing and equipping a new water treatment plant (the Project), having a total estimated cost of $12,800,000. The Project was completed in 2017. The loan bears interest at 2.17% and payments of principal and interest are due February 1 and August 1 each year through 2034. In addition to principal and interest,

the District will pay administrative loan servicing fees totaling $1,395,113 over the term of the loan. Annual payment amounts for principal, interest, and administrative fees vary from $477,124 to $776,640 over the term of the loan. Prepayments of amounts owing is allowable, subject to various conditions as set forth in the loan agreement.

Pursuant to the loan agreement, the District is required to maintain an Operation Maintenance Reserve in an amount equal to three months of operating expenses of the District's water system, excluding depreciation, as set forth in the District's annual budget for the current fiscal year, but not greater than $1,250,000. If the reserve falls below the required amount, the shortfall is payable in 24 equal monthly installments. As of December 31, 2025 and 2024, the required operating reserve was $567,353 and $557,673, respectively. The reserve is considered a component of unrestricted net position. The District is not in violation of this covenant at December 31, 2025 and 2024.

2015 Revenue Loan Agreement, $2,500,000 - Colorado Water Resources and Power Development Authority

The loan agreement dated December 11, 2015 for a total principal amount of $2,500,000 between the District and Colorado Water Resources and Power Development Authority (CWRPDA), was entered into for the purpose of additional financing of the construction and equipping of the new water treatment plant (the Project). The Project was completed in 2017. The loan bears interest at 0% and payments of principal are due May 1 and November 1 each year through 2035. Semi-annual payment amounts for principal are $62,500 over the term of the loan. Prepayments of amounts owing is allowable, subject to various conditions as set forth in the loan agreement.

The CWRPDA loan agreements also include a rate covenant whereby the District's water and wastewater system net revenue, after meeting operation and maintenance expenses, is required to be sufficient to cover 110% of the debt service coming due. The following is the District's calculation of the rate covenant for the year ended December 31, 2025:

System revenues:	
Service fees	$ 2,583,273
Specific ownership taxes	56,814
Capital replacement fees	620,135
Interest income	106,109
Other revenue	15,124
Total system revenues	3,381,455
System operating expenses	3,485,674
Less depreciation	(1,216,263)
Net system operating expenses	2,269,411
Net system revenues	$ 1,112,044
Annual debt service payments (less G.O. Debt)	$ 412,718
Net system revenues / annual debt service payments	269 %

The District's net system revenues were sufficient to meet the rate covenant requirements for the years ended December 31, 2025 and 2024.

2021 Revenue Loan Agreement, $5,555,000 - Colorado Water Conservation Board
On May 24, 2021 the District entered into a loan agreement in the amount of $4,242,000 through the Colorado Water Conservation Board (CWCB). The loan was amended on October 28, 2022 for an amount of $5,555,000. The loan proceeds were used to provide additional raw water storage capacity, provide additional drought protection and increase the operational reliability of the District's system. The loan bears interest at 2.50% for a maximum 40- year term, with an anticipated annual loan payment of $168,195 that will begin one year after the project per above has been completed. The loan is secured by pledged revenues of the District, which include the gross revenue from the enterprise fund, such as service fees and other related fees derived from use of the water system. During 2025 and 2024, the District received $0 and $848,262 of the loan proceeds, respectively. As of December 31, 2024, the project has been completed.

The District will be subject to maintain a debt service reserve equal to one-tenth of an annual payment on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment of this loan. As of December 31, 2025, the District has adequate cash reserves and is in compliance with this covenant.

On June 1, 2021 the District received a grant in the amount of $1,384,000 for the project and loan described above. These funds shall be used in a manner consistent with the description of the project as described in both the grant award letter and the loan agreement above. During 2025 and 2024, the District received $0 and $138,400 of the total grant amount, respectively.

Building Mortgage
The District entered into a Lease Purchase Agreement with the Corporation on April 1, 2012 for the purpose of financing the construction of a new garage, maintenance, and office facility. The District has issued a Direct Purchase Lease Revenue Bond to a bank, and from the proceeds made a construction loan to the Corporation, to a maximum of $1,200,000, as part of the lease agreement. The lease is payable in monthly installments of $6,971, after all construction loan draws are executed, through March 2027, at which time a final payment of $309,743 is due to the bank on April 1, 2027. The loan bears interest at 3.61%. The Corporation has agreed to use the proceeds from the lease to repay the bond principal and interest to the bank. The loan may be prepaid in full with the following prepayment premiums added to the lease balance:

Months 1-12	3%
Months 12-24	2%
Months 25-36	1%
Month 37 to maturity	0%

The District is subject to a debt-service coverage ratio covenant for the capital lease on the building. The District is not in violation of this covenant at December 31, 2025 and 2024.

Debt maturities
Debt maturities for the next five years and to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 894,118	$ 202,151	$ 1,096,269
2027	1,162,766	182,643	1,345,409
2028	856,556	170,672	1,027,228
2029	873,952	162,176	1,036,128
2030	891,400	153,479	1,044,879
2031-2035	4,009,832	628,302	4,638,134
2036-2040	524,157	496,174	1,020,331
2041-2045	593,035	427,295	1,020,330
2046-2050	670,965	349,365	1,020,330
2051-2055	759,135	261,195	1,020,330
2056-2060	858,892	161,438	1,020,330
2061-2064	767,683	48,573	816,256
	$ 12,862,491	$ 3,243,463	$ 16,105,954

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

Note 6: District Employees' Retirement Plan

The District participates in the Colorado County Officials and Employees Retirement Association Defined Contribution Plan (CCOERA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become participants immediately upon employment. Under this plan, ten percent of the employees' compensation is withheld and remitted to the CCOERA along with a matching payment of ten percent from the District. The District's contributions, plus earnings, related to employees of the District in place as of April 28, 2009, are 100% vested. As to employees hired after April 28, 2009, the District's contributions, plus earnings, vest according to the following schedule:

By the end of the 1st year:	0%
By the end of the 2nd year:	25%
By the end of the 3rd year:	50%
By the end of the 4th year:	75%
By the end of the 5th year:	100%

Plan provisions and contribution requirements are established and may be amended by CCOERA and would have to be approved by the District's Board of Directors.

There is no liability for benefits under the plan beyond the District's matching payments. Both the District and the participating employees made the required 10% contributions for 2025 and 2024, amounting to $81,094 and $75,390, respectively.

Note 7: Deferred Compensation Plan

The District has two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The District contributes 2% of eligible employees' salaries to the plan of each employee's choice. One plan is sponsored by CCOERA and the other is sponsored by Nationwide Retirement Solutions. Participation in the plans is optional for all employees. The plans allow the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergencies. The contributions totaled $17,539 and $17,306 for the years ended December 31, 2025 and 2024, respectively.

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 omissions; injuries to employees, and natural disasters. The District maintains commercial insurance for these risks by participation in an insurance pool.

The District is a member in the Colorado Special Districts Property and Liability Pool (the Pool). The Pool creates an opportunity for members to control their own insurance costs through the joint pooling of resources, making it possible to self-insure property, liability and workers' compensation insurance. The Pool is member-owned, and all surplus revenues support the stabilization of rates, coverage enhancements, innovation, and technology to bring the most value to its members. The Pool provides property, liability, workers' compensation and associated coverage, and claims and risk management services to its members. The District has not had losses of a material amount in any of the preceding three years.

The Pool has contracted with a third party to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceeds amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, the Pool may require additional contributions from its members.

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 Board of Directors has adopted a resolution establishing an enterprise to operate its water and sanitation activities. The District's management believes its water and sanitation operations qualify for this exclusion.

TABOR requires local governments (not including enterprises) to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). The District established an emergency reserve of $68,082 and $66,921 as of December 31, 2025 and 2024, respectively.

The District's management believes, after consultation with legal counsel, it is in compliance with the provisions of TABOR. However, TABOR is complex and has been, and will continue to be, 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 further judicial interpretation.

Note 10: Subsequent Events

The District's management has evaluated subsequent events through the date of the report, which is the date these financial statements were available to be issued.

Supplementary Information

GENESEE WATER AND SANITATION DISTRICT
Schedule of Revenues, Expenses and Changes in Net Position -
Budget and Actual
For the year ended December 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUE			
Service fees	$ 2,568,540	$ 2,583,273	$ 14,733
Capital replacement fees	620,091	620,135	44
Total operating revenue	3,188,631	3,203,408	14,777
OPERATING EXPENSES			
Salaries and benefits	1,320,788	1,213,508	107,280
Utilities	300,225	293,163	7,062
Repairs and maintenance	266,387	266,638	(251)
Auto and travel	33,020	21,182	11,838
Chemicals and supplies	94,300	89,749	4,551
Director's fees	7,500	5,300	2,200
Ditch assessment	6,125	7,750	(1,625)
Insurance	112,250	115,338	(3,088)
Telephone and communications	36,668	26,804	9,864
Office supplies and expenses	112,021	114,242	(2,221)
Testing and analysis	17,030	15,961	1,069
Election expenses	11,000	-	11,000
Professional fees	79,185	63,521	15,664
Miscellaneous	57,875	-	57,875
Dues and publications	18,015	16,469	1,546
Small tools and equipment	20,655	19,786	869
Total operating expenses	2,493,044	2,269,411	223,633
NONOPERATING REVENUE			
Property taxes, net of treasurer fees	825,394	812,767	(12,627)
Specific ownership taxes	60,000	56,814	(3,186)
Interest income	72,000	106,109	34,109
Gain on sale of capital assets	-	6,400	6,400
Other revenue	-	15,124	15,124
Total nonoperating revenues	957,394	997,214	39,820
NONOPERATING EXPENSES			
Capital outlay	682,360	778,584	(96,224)
Loan payment	1,033,229	887,803	145,426
Interest expense	174,897	293,005	(118,108)
Total nonoperating expenses	1,890,486	1,959,392	(68,906)
Net income - budgetary basis	$ (237,505)	$ (28,181)	$ 209,324
Adjustments to US GAAP basis:			
Loan principal		887,803	
Capital outlay		778,584	
Depreciation expense		(1,216,263)	
Total adjustments to US GAAP basis		450,124	
Net income - US GAAP basis		421,943	
Net position, beginning of year		11,749,996	
Net position, end of year		$ 12,171,939	

Other Information

GENESEE WATER AND SANITATION DISTRICT
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected
December 31, 2025

Year Ended December 31,	for Current Year Property Tax Levy	Mills Levied	Property Taxes Levied	Property Taxes Collected	Percent Collected to Levied
2021	83,631,570	9.393	785,551	779,471	99%
2022	89,400,377	9.393	839,738	833,947	99%
2023	86,718,131	9.699	841,107	840,473	100%
2024	109,196,367	7.654	835,788	831,899	100%
2025	109,371,899	7.662	837,963	825,159	98%
Estimated for the year ending December 31, 2026	$ 111,208,341	7.526	$ 836,893		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.