IDLEDALE WATER AND SANITATION DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Idledale Water and Sanitation District

Opinions
We have audited the accompanying financial statements of the governmental activities and the major funds of Idledale 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 Idledale Water and Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Idledale Water and Sanitation District as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Idledale 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.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Idledale 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Idledale 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 Idledale 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 budgetary comparison be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has 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.

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

Grum + Associates LLC

Fort Collins, Colorado
September 17, 2026

Basic Financial Statements

Idledale Water and Sanitation District
Statement of Net Position
December 31, 2025

Assets		
Current Assets		
Cash and cash equivalents	$	333,799
Cash and cash equivalents - restricted		1,372
Accounts receivable		2,939
Due from County Treasurer		1,837
Prepaid expenses		9,827
Property taxes receivable		340,885
Total Current Assets		690,659
Noncurrent Assets		
Capital Assets		
Nondepreciable		326,707
Depreciable		1,940,227
Less: accumulated depreciation		(1,164,276)
Net Capital Assets		1,102,658
Total Assets		1,793,317
Liabilities		
Current Liabilities		
Accounts payable		13,056
Accrued interest		1,391
Long-term debt - current portion		70,500
Total Current Liabilities		84,947
Long-Term Liabilities		
Long-term debt		471,300
Total Long-Term Liabilities		471,300
Total Liabilities		556,247
Deferred Inflows of Resources		
Deferred property tax revenue		340,885
Total Deferred Inflows of Resources		340,885
Net Position		
Net investment in capital assets		560,858
Restricted - debt service and capital projects		1,372
Restricted for emergencies		8,511
Unrestricted		325,444
Total Net Position	$	896,185

The accompanying notes are an integral part of these financial statements

Idledale Water and Sanitation District
Statement of Activities
For the Year Ended December 31, 2025

Governmental Activities	Expenses	Program Revenues: Charges for Service	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
General government	$ 240,705	$ 2,445	$ 1,457	$ (236,803)
Interest and related costs on long-term debt	18,619	-	-	(18,619)
Total Governmental Activities	$ 259,324	$ 2,445	$ 1,457	(255,422)
	General Revenues			
	Property taxes			332,438
	Specific ownership taxes			22,573
	Interest income			15,355
	Total Revenues			370,366
	Change in Net Position			114,944
	Net Position - Beginning of Year			781,241
	Net Position - End of Year			$ 896,185

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

Idledale Water and Sanitation District
Balance Sheet
Governmental Funds
December 31, 2025

	General	Debt Service	Total Governmental Funds
Assets			
Current Assets			
Cash and cash equivalents - unrestricted	$ 333,799	$ -	$ 333,799
Cash and cash equivalents - restricted	-	1,372	1,372
Accounts receivable	2,939	-	2,939
Due from County Treasurer	1,837	-	1,837
Prepaid expenses	9,827	-	9,827
Property taxes receivable	250,589	90,296	340,885
Total Assets	598,991	91,668	690,659
Liabilities			
Current Liabilities			
Accounts payable	13,056	-	13,056
Total Liabilities	13,056	-	13,056
Deferred Inflows of Resources			
Deferred property tax revenue	250,589	90,296	340,885
Unavailable revenues	2,445	-	2,445
Total Deferred Inflows of Resources	253,034	90,296	343,330
Equity			
Fund Balance			
Nonspendable	9,827	-	9,827
Restricted	8,511	1,372	9,883
Unassigned	314,563	-	314,563
Total Fund Balance	332,901	1,372	334,273
Total Liabilities, Equity and Deferred Inflows of Resources	$ 598,991	$ 91,668	$ 690,659

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balance	$ 334,273
Amounts reported for governmental funds in the Statement of Net Position are different because:	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,102,658
Revenues that do not provide current financial resources are not reported as deferred inflows of resources in the fund statements and revenues in the government-wide statements.	2,445
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements.	
Bonds payable	(541,800)
Accrued interest	(1,391)
Total Net Position	$ 896,185

The accompanying notes are an integral part of these financial statements

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

	General	Debt Service	Total Governmental Funds
Revenues			
Property taxes	$ 244,374	$ 88,064	$ 332,438
Specific ownership taxes	22,573	-	22,573
Grant revenue	1,457	-	1,457
Interest income	15,287	68	15,355
Total Revenue	283,691	88,132	371,823
Expenditures			
Administrative	67,155	1,323	68,478
Operations	121,977	-	121,977
Debt Service:			
Bond interest	-	18,794	18,794
Principal	-	68,400	68,400
Total Expenditures	189,132	88,517	277,649
Revenue Over (Under) Expenditures	94,559	(385)	94,174
Net Change in Fund Balance	94,559	(385)	94,174
Fund Balance, Beginning of Year	238,342	1,757	240,099
Fund Balance, End of Year	$ 332,901	$ 1,372	$ 334,273
Total Change in Fund Balance Governmental Fund			$ 94,174
Governmental funds report capital outlays as expenditures. In the Statement of Activities capital outlay is not reported as an expenditure, however the Statement of Activities will report depreciation as an expense.			
Depreciation			(50,250)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.			68,400
Some revenues and expenses reported in the Statement of Activities do not require the use of			
Accrued interest			175
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements.			2,445
Change in net position of governmental activities			$ 114,944

The accompanying notes are an integral part of these financial statements

Note 1 Summary of Significant Accounting Policies

Financial Reporting Entity

Idledale Water and Sanitation District (The District), a quasi-municipal corporation and political subdivision of the state of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in the Town of Idledale in Jefferson County, Colorado. The District was established to provide water services to residents in the area of the District and does not currently provide any sanitation services.

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

The District does not have any employees and all operations are contracted. The more significant accounting policies of the District are described as follows:

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The Statement of net position presents the financial position of the governmental activities at the end of the year. The statement of activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

Fund Accounting

During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. The major fund types used by the District are described below.

Note 1 Summary of Significant Accounting Policies (Continued)

Governmental Fund Type

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

Debt Service Fund- accounts for the repayment of long-term debt incurred by the district.

Measurement Focus

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the District are included in the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments a*s amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and **Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*** These statements establish standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets, restricted, and unrestricted.

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Note 1 Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Property Taxes

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

In accordance with the State Budget Law, the District's Board of Directors holds public hearings each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget and appropriations resolutions upon completion of notification and publication requirements. The total appropriation is at the total fund expenditures level and lapses at year end.

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

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

Capital assets – which include contributed and purchased water lines are reported by the District. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000. 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful life of 3 to 50 years for the water system, 10 years for equipment and 40 years for buildings.

Deferred Outflows / Inflows of Resources

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

Net Position

Equity is classified as Net Position and displayed in three components:

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

b. Restricted Net Position – consists of Net Position with constraints placed on the use either by (1) external groups, such as creditors, grantors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted Net Position – all other Net Position that do not meet the definition of “restricted” or “net investment in capital assets” The District utilizes restricted Net Position before using unrestricted Net Position when an expenditure is available for both purposes.

Fund Balance

Nonspendable - consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was $9,827 as of December 31, 2025 relating to prepaid expenses.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the District to establish Emergency reserves (see Note 6). A reservation of $8,511 of the General Fund balance has been made in compliance with this requirement. The District had $1,372 restricted for the use of debt service.

Note 1 Summary of Significant Accounting Policies (Continued)

Committed - General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors formally removes or changes the specified uses. The District had a committed fund balance of $0 as of December 31, 2025.

Assigned – Includes all amounts that are constrained by the District's intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Directors. As of December 31, 2025, the assigned fund balance was $0.

Unassigned - consists of the residual classification for each fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

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

Cash Equivalents

For purposes of the statement of the Statement of Net Position, the District defines cash equivalents as cash demand deposits, investment pools and other highly liquid investments with a maturity of three months or less when purchased.

Use of Estimates in the Preparation of Financial Statements

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

Note 2 Cash and Investments

Cash Deposits

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

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

At December 31, 2025 the District's cash deposits had a book balance of $83,913 and a bank balance of $83,913, all of which was insured by the FDIC. The District had $0 collateralized under PDPA at December 31, 2025. The District utilizes pooled cash amongst its funds in order to maximize the rate of return. Investment earnings are allocated periodically to the funds based upon the average cash balances.

Note 2 Cash and Investments (Continued)

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

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

The District does not have a formal investment policy however, it follows state statutes regarding investments.

At December 31, 2025, the District had $251,258 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST EDGE, and COLOTRUST PLUS+. All portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended. 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 measures its investments at fair value in accordance with Paragraph 41 of Statement 79 and Paragraph 11 of Statement 31, and therefore a Participant's investment in COLOTRUST is not required to be categorized within the fair value hierarchy for purposes of Paragraph 81a(2) of Statement 72. COLOTRUST PLUS+ and COLOTRUST PRIME are rated by S&P Global Ratings. The current rating is 'AAAm.' COLOTRUST EDGE is rated by Fitch Ratings. The current rating is 'AAAf/S1.

COLOTRUST PLUS+ and PRIME
PRIME is presently allowed by the Trust's investment policies to maintain a portion of its assets in U.S. Treasury securities or repurchase agreements collateralized by U.S. Treasury securities. It may also invest assets in securities of a Federal Farm Credit Bank, a Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, and other federal instrumentality or agency security permitted by the Legal Investments Act, repurchase agreements collateralized by those securities, collateralized bank deposits, and 'AAAm' rated government money market funds. The PRIME portfolio may be invested in securities with a maximum maturity of 397 days for fixed rate debt and 762 days for sovereign government floating-rate debt. The PRIME portfolio is limited to

Note 2 Cash and Investments (Continued)

an average weighted maturity not to exceed 60 days to reset and 120 days to final. PRIME seeks to maintain a stable Net Asset Value (NAV) of $1.00 per share.

COLOTRUST EDGE

COLOTRUST EDGE is a variable net asset value (NAV) local government investment pool that offers weekly liquidity to participants. EDGE is suitable for a local government's strategic reserves / non-operating funds and has a NAV that is managed to approximate a $10.00 transactional share price.

Custodial Credit Risk – Deposits

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

Interest Rate Risk

Colorado revised statutes generally limit investment maturities to five years or less unless formally approved by the Board of Directors. Revenue bonds of U.S. local governments, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Concentrations of Credit Risk

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer.

Note 3 Accounts Receivable

Accounts receivable balance at December 31, 2025 was comprised of the following:

Fees for services	$	2,445
Other receivables		494
Less: Allowance for doubtful accounts		-
Net Accounts Receivable	$	2,939

Note 4 Capital Assets

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

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Nondepreciable				
Water Rights	$ 105,615	$ -	$ -	$ 105,615
Land	22,317	-	-	22,317
Construction in progress	198,775	-	-	198,775
Total Nondepreciable	326,707	-	-	326,707
Depreciable				
Buildings and improvements	1,576	-	-	1,576
Water system	1,879,565	-	-	1,879,565
Equipment	59,086	-	-	59,086
Total Depreciable	1,940,227	-	-	1,940,227
TOTAL	2,266,934	-	-	2,266,934
Less Accumulated Depreciation				
Buildings and improvements	(1,576)	-	-	(1,576)
Water system	(1,056,149)	(48,047)		(1,104,196)
Equipment	(56,301)	(2,203)	-	(58,504)
Total Accumulated Depreciation	(1,114,026)	(50,250)	-	(1,164,276)
Net Capital Assets	$ 1,152,908	$ (50,250)	$ -	$ 1,102,658

Note 5 Long-term Debt

The District's long-term debt is as follows:

	Balance 12/31/2024	Additions	Reductions	Balance 12/31/2025	Amounts Due Within One Year
2017 Loan	$ 610,200	$ -	$ (68,400)	$ 541,800	$ 70,500
Total Long-term Debt	$ 610,200	$ -	$ (68,400)	$ 541,800	$ 70,500

Year	Principal	Interest	Total
2026	$ 70,500	$ 16,688	$ 87,188
2027	72,700	14,516	87,216
2028	75,000	12,276	87,276
2029	77,300	9,966	87,266
2030	79,600	7,586	87,186
2031-2032	166,700	7,740	174,440
Total	$ 541,800	$ 68,772	$ 610,572

On December 21, 2017, the District obtained from NBH Bank a $1,037,000 General Obligation Refunding and Improvement Loan, Series 2017 (Series 2017 Loan) for the purpose of advance refunding the District's Series 2009 Water Activity Enterprise Revenue Bond (Series 2009 Bond), funding a Loan Project Fund, and paying the cost of issuance of the Series 2017 Loan. Interest on the Series 2017 Loan is 3.08% per annum, payable semi-annually on each June 1 and December 1, commencing on June 1, 2018. Principal payments are due annually on December 1, commencing on December 1, 2018. The Series 2017 Loan matures on December 1, 2032.

Note 5 Long-term Debt (Continued)

The Series 2017 Loan is secured with Pledged Revenues consisting of: (i) such portion of the revenue derived by the imposition of the Required Mill Levy as is sufficient to pay the principal of, premium, if any, and interest on the Series 2017 Loan as the same becomes due; (ii) the Specific Ownership Taxes attributable to the Required Mill Levy; and (iii) all other legally available moneys of the District.

With the issuance of the Series 2017 Loan, sufficient funds were placed in escrow to advance refund the principal and interest on the Series 2009 Bond, which matured on April 1, 2019. The Series 2009 Bond is considered to be defeased and is not considered to be a liability of the District. The reacquisition price of the Series 2009 Bond exceeded the net carrying amount by $30,955. This amount was recorded as a deferred outflow and is being amortized over the original remaining life of the Series 2009 Bond and has been fully amortized as of December 31, 2019. The refunding resulted in an economic gain of $110,214 and a cash flow savings of $3,609 due to the average interest rate of the 2017 Loan being lower than the Series 2009 Bond.

The occurrence of any one or more of the following events constitutes an Event of Default under the terms of the Series 2017 Loan: (a) failure to pay principal and interest when due; (b) failure to impose the Required Mill Levy or to apply the Pledged Revenues to the Series 2017 Loan; (c) a default in the performance or observance of any of the covenants, agreements, or conditions of the Series 2017 Loan, or (d) filing a petition under bankruptcy laws seeking to adjust the obligation under the Series 2017 Loan. No Events of Default have occurred since the issuance of the Series 2017 Loan.

Note 6 Tax, Spending, and Debt Limitation

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

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

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

Note 7 Risk Management

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

Note 7 Risk Management (Continued)

The purpose of the Pool is to provide defined property, liability, workers' compensation, and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded the District's commercial coverage in the last three years.

Required Supplemental Information

Idledale Water and Sanitation District
Statement of Revenue and Expenditures and Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 244,752	$ 244,374	$ (378)
Specific ownership taxes	17,133	22,573	5,440
Water fees	4,244	-	(4,244)
Grant revenue	4,489,752	1,457	(4,488,295)
Interest income	11,274	15,287	4,013
Total Revenue	4,767,155	283,691	(4,483,464)
Expenditures			
Administrative	123,478	67,155	56,323
Operations	104,360	121,977	(17,617)
Capital Outlay	2,344,272	-	2,344,272
Transfers	60,000	-	60,000
Contingency	348,047	-	348,047
Total Expenditures	2,980,157	189,132	2,791,025
Net Change in Fund Balance	1,786,998	94,559	(1,692,439)
Fund Balance, Beginning of Year	196,528	238,342	41,814
Fund Balance, End of Year	$ 1,983,526	$ 332,901	$ (1,650,625)

The accompanying notes are an integral part of these financial statements

Other Supplemental Information

Idledale Water and Sanitation District
Statement of Revenue and Expenditures and Change in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 88,200	$ 88,064	$ (136)
Interest income	3,357	68	(3,289)
Total Revenue	91,557	88,132	(3,425)
Expenditures			
Treasurer's fees	1,323	1,323	-
Debt Service:			
Interest	18,794	18,794	-
Principal	68,400	68,400	-
Total Expenditures	88,517	88,517	-
Net Change in Fund Balance	3,040	(385)	(3,425)
Fund Balance, Beginning of Year	7,382	1,757	(5,625)
Fund Balance, End of Year	$ 10,422	$ 1,372	$ (9,050)

The accompanying notes are an integral part of these financial statements