Industrial Park Water & Sanitation District

Audit Report 2025

Brenda A. French, CPA, PC

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Revenues, Expenses, and Changes in Net Position	5
Statement of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7-11
SUPPLEMENTARY INFORMATION	
Comparison of Revenue and Expenditures with Budgetary Information	12

Brenda A. French, CPA, PC

To the Board of Directors
Industrial Park Water & Sanitation District
6625 East 49th Avenue
Commerce City, CO 80022

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Industrial Park Water & Sanitation District, Commerce City, Colorado, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of Industrial Park Water & Sanitation, Commerce City, Colorado, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Industrial Park Water & 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 opinions.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

12470 York St #28
Eastlake, CO 80614

(720) 523-3940
www.brendafrenchcpa.com
brenda@brendafrenchcpa.com

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

- Exercise professional judgement 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of the America require that the management's discussion and analysis and budgetary comparison information 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 consistent 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's opinion thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or other form of assurance thereon.

Brenda A French CPA PC

Brenda A French, CPA, PC

September 22, 2025
Broomfield, CO

PARK WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2025

As management of Industrial Park Water and Sanitation District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2025. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

- The assets of Industrial Park Water and Sanitation District exceeded its liabilities at December 31, 2025 by $2,686,727 (*net position*).
- The District's total cash balance decreased by $124,534 from 2024 due to increased fixed asset investment.
- At the close of the calendar year, the District's business-type activities cash balance of $1,487,701 is available for spending at the District's discretion (*unrestricted cash).*

For the year ended December 31, 2025, the District had a positive operating budget variance totaling $241,553 due to decreased operating costs.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Industrial Park Water and Sanitation's basic financial statements. The District's basic financial statements consist of two components: 1.) government-wide financial statements of the business-type activities of the District, and 2.) notes to the financial statements. In addition to the basic financial statements, the report contains other supplemental information that will enhance the reader's understanding of the financial condition of Industrial Park Water & Sanitation District.

Basic Financial Statements

The three basic financial statements are the **Government-Wide Financial Statements** consisting of business-type activities. They provide both short and long-term information about the District's financial status. The second section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the date about the District's business-type activities. Budgetary information required by the General Statutes can be found in the **Supplementary Information** part of the statements.

INDUSTRIAL PARK WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2025

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances, similar in format to a financial statement of a private-sector business. The government-wide financial statements provide short and long-term information about the District's financial status as a whole. The three government-wide statements report the District's net assets and how they have changed. Net assets are the difference between the District's total assets and total liabilities. Measuring net assets is one way to gauge the District's financial condition.

The government-wide statements consist only of business-type activities. The business-type activities are those the District charges customers to provide. This consists only of water and sewer treatment services.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the date provided in the government-wide financial statements. The notes begin on page 7 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report contains certain required supplementary information concerning Industrial Park Water & Sanitation District's budget. The required supplementary information can be found on page 12 of this report.

INDUSTRIAL PARK WATER AND SANITATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

	Primary Government	
	Business-type Activities	Total
ASSETS		
Current Assets:		
Cash in Bank	$ 57,309	$ 57,309
Cash in Investments	1,430,392	1,430,392
Accounts Receivable-Trade	202,459	202,459
Total Current Assets	1,690,160	1,690,160
Capital Assets:		
Land	34,495	34,495
Sewer Collection System	129,318	129,318
Lift Station Rebuild	514,183	514,183
Building & Improvements	95,831	95,831
General Equipment & Furniture	1,322,416	1,322,416
Vehicles	167,872	167,872
Total Capital Assets	2,264,115	2,264,115
Less: Accumulated Depreciation	(1,259,503)	(1,259,503)
Net Capital Assets	1,004,612	1,004,612
Security Deposit	765	765
Total Assets	$ 2,695,537	$ 2,695,537
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 2,934	$ 2,934
Payroll Taxes Payable	5,876	5,876
Total Current Liabilities	8,810	8,810
NET POSITION		
Unrestricted Retained Earnings		
Restricted Retained Earnings	2,686,727	2,686,727
Total Net Position	2,686,727	2,686,727
Total Liabilities & Net Position	$ 2,695,537	$ 2,695,537

See Accompanying Notes to Financial Statements

INDUSTRIAL PARK WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended December 31, 2025

	Primary Government	
	Business-type Activities	Total
REVENUES		
Sewage Treatment and Collection Fees	1,008,802	1,008,802
Miscellaneous Income-Finance Charge	1,287	1,287
Total Revenues	$ 1,010,089	$ 1,010,089
EXPENSES		
Sewage Treatment and Processing Fees	131,574	131,574
Repairs & Maintenance-Lines and Equipment	140,559	140,559
Depreciation	114,931	114,931
Insurance	14,131	14,131
Interest Expense	120	120
Legal Expense	72,000	72,000
Telephone and Utilities	8,168	8,168
Directors' Fees	4,200	4,200
Office Expense	2,706	2,706
Operation Fee	45,150	45,150
Engineering	62,275	62,275
Salaries	201,598	201,598
Payroll Tax Expense	15,618	15,618
Copier Lease Expense	3,751	3,751
Audit Expense	7,000	7,000
Rent	17,040	17,040
Miscellaneous - Admin & General	19,154	19,154
Vehicle Expense	9,625	9,625
Total Expenses	$ 869,600	$ 869,600
OTHER INCOME		
Total Interest Income	$ 54,577	$ 54,577
Surplus of Revenues over Expenses	$ 195,066	$ 195,066
Net Position, Beginning	2,491,661	2,491,661
Net Position, Ending	$ 2,686,727	$ 2,686,727

See Accompanying Notes to Financial Statements

INDUSTRIAL PARK WATER AND SANITATION DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	Primary Government	
	Business-type Activities	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	$ 195,066	$ 195,066
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	114,931	114,931
Changes in assets and liabilities:		
Increase in Accounts Receivable	(52,334)	(52,334)
Increase in Current Liabilities	897	897
Net Cash Provided by Operating Activities	$ 258,560	$ 258,560
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net Fixed Asset Additions	(383,094)	(383,094)
Net Cash Used by Capital and Related Financing Activities	(383,094)	(383,094)
Net Decrease in Cash and Cash Equivalents	$ (124,534)	$ (124,534)
Cash and Cash Equivalents, Beginning	1,612,235	1,612,235
Cash and Cash Equivalents, Ending	$ 1,487,701	$ 1,487,701

Interest Expense for the Year Ended December 31, 2025 is $120

See Accompanying Notes to Financial Statements

INDUSTRIAL PARK WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

1. ORGANIZATION

Industrial Park Water and Sanitation District was organized as a quasi-governmental entity under the laws of the State of Colorado on August 8, 1969. The District was created to provide for the effective distribution and collection of water and sewage within the boundaries of the District.

The District has a contract with, and is wholly dependent upon, Metropolitan Denver Sewage Disposal District No. 1 for disposal of sewage collected by the District.

The District's operating activities are governed by the Colorado Division of Local Governments administrative rules and regulations as they relate to special districts. The basic operations of the District are financed by charges to individuals and businesses located within the boundaries of the District who utilize the District's services.

B.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the district relating to the funds and account groups included within these financial statements conform to generally accepted accounting principles applicable to state and local governments.

The following significant accounting policies were applied in the preparation of the accompanying financial statements.

Reporting Entity

According to GASB Statement 14, a primary government is defined as an entity that has a separately elected governing body, is legally separate, and is fiscally independent. The District meets all of these requirements.

Industrial Park Water & Sanitation District (primary government) is a municipal corporation governed by an elected seven-member board. As required by generally accepted accounting principles, these financial statements present the District in its entirety. The District has no component units.

GASB Statement 14 defines a component unit as legally separate organizations for which the elected officials of the primary government (the District) are financially responsible.

Basis of Presentation

The District utilizes a single "proprietary – enterprise fund" to account for all of its operating activities. Proprietary fund accounting is used to account for activities that are financed and operated in a manner similar to private business enterprises. It assumes that the cost of providing services to the general public be recovered primarily through user charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District's books of account and records are maintained on the accrual basis of accounting in conformity with generally accepted accounting principles. The accrual basis of accounting recognizes revenue when earned and expenses when the liability is incurred.

Available funds are expended annually based upon budgetary estimates that are open for public inspection. Budgetary estimates are prorated based upon an annual fiscal year from January 1st through of each year. The amounts are posted for public comments and inspection and are submitted to the Division of Local Governments.

It is the District's policy to prepare the annual budget on a basis that does not include accounts receivable, accounts payable, or depreciation. Entries to record accounts receivable, accounts payable, and depreciation are booked to the District's accounting records to convert the "budget basis of accounting" to generally accepted accounting principles. After these adjustments are made, budget basis versus GAAP basis is the same.

Fixed Assets

The District records property, plant, and equipment at cost. The District capitalizes all fixed asset additions in accordance with the standards established by the State of Colorado, Division of Local Governments.

District assets are depreciated on the straight-line basis over their estimated useful lives. Estimated lives are twenty years for the sewer collection systems, five years for general equipment and office equipment. The following is a schedule of 2025 fixed asset activity:

	2024 Balance	2025 Additions	2025 Balance
Land	$ 34,495	$	$ 34,495
Sewer Collection System	129,318		129,318
Sewer Pumping Equipment	95,831		95,831
Equipment & Furniture	976,322	346,094	1,322,416
Lift Station Rebuild	514,183		514,183
Vehicles	130,872	37,000	167,872
	$1,881,022	$ 383,094	$2,264,115

INDUSTRIAL PARK WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

B.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insured Deposits

Some of the District's cash and deposits as of December 31, 2025 are fully insured. The FDIC insures each checking account up to $250,000 per account. At the balance sheet date, the checking account has a balance of $57,309. The District also has cash of $1,430,392 invested in three separate Certificates of Deposit accounts held at BOK Financial Bank in an Insured Cash Sweep account which is also FDIC insured up to $250,000 per account.

TABOR Amendment

Colorado voters passed an amendment of the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. However, the District has made certain interpretations of the Amendment's language to determine its compliance.

Encumbrances

Encumbrances represent commitments to unperformed contracts for goods or services. The commitments are not treated as expenditures until a liability is incurred, but are merely used to facilitate effective budget control and cash planning and management. The District does not employ encumbrance accounting, whereby a portion of the applicable appropriation is reserved for open purchase orders.

Related Party Transactions

In 2018, the District entered into a month-to-month lease with the former Manager of the District who owned the building. The monthly lease amount is $1,420. There are no amounts due to or from this related party at December 31, 2025. The building is now owned by the heirs of the estate of the former Manager.

C.) COMMITMENTS AND CONTINGENCIES

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. During the year ended December 31, 1988, the District agreed to be included to be in a "Colorado Special District Liability Insurance Pool." The fund was organized by Colorado special districts in order to provide insurance coverage that may not otherwise be attainable by its members.

C.) COMMITMENTS AND CONTINGENCIES (continued)

The fund provides self- insurance for 20% of all claims made, and had acquired "re-insurance" to cover the remaining 80% coverage. Additionally, the insurance pool has a stopgap claim limit of $500,000.

In accordance with the terms for inclusion, the District was required to make contributions to the fund in amounts that exceeded the cost of the then annual insurance premium. The contribution requirements were levied on all fund members in order to provide working capital to the fund. The District's financial commitment to the insurance pool is limited to its pro-rata ownership percentage based upon the ratio of the District's excess contribution to all participating member's excess contributions estimated at less than two percent. During 2025, the District contributed $14,131 to the fund for insurance coverage. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

The insurance pool has no outstanding debt at December 31, 2025.

There is no assurance that the District will not be charged additional fees relating to fund working capital deficiencies in the future, although they are not expected.

The District has entered into a contract with Metro Denver Sewage Disposal District No. 1 (the special connector agreement). The agreement defines the services and charges applied to the District by Metro Denver Sewage Disposal District No. 1 (the special connector agreement). The agreement defines the services and charges applied to the District by Metro Denver Sewage Disposal.

In accordance with the terms of the agreement, each year the District is charged an "estimated annual fee" based upon anticipated flow and treatment levels originating from the District. An annual adjustment of each year's fee is determined and must be completed by March 31 of the following year.

In this manner, the District may have a contingent liability for additional sewage treatment fees that may be billed to the District as a part of future billings. Annual deficiencies or rebates are billed quarterly to the District as a regular part of the current year billings.

Lease Agreements

The District leases a copier. This operating lease has a five-year term. The future minimum lease payments on current lease obligations are as follows:

2026	$3,504
2027	3,504
2028	3,504

D. BUDGETS

As described in Note B, the District prepares annual operating budgets and submits them to the Division of Local Governments in accordance with "Local Government Budget Law." Each operating budget covers the fiscal period beginning January 1st and ending December 31st of each year. Amounts expended in excess of amounts budgets are a possible violation of the local government budget law.

Each budget is open for public debate prior to adoption.

Colorado local government budget law generally requires that the District adopt revised budgets in accordance with accepted procedures, notices, and debate, and submit them to the Division of Local Governments.

During 2025, the District's revenue exceeded budgeted amounts by $1,546. Operating expenditures were below budgeted amounts by $240,007 resulting in a positive operating budget variance of $241,553.

INDUSTRIAL PARK WATER AND SANITATION DISTRICT
COMPARISON OF REVENUES AND EXPENSES WITH BUDGETARY INFORMATION
For the Year Ended December 31, 2025

	BUDGET	ACTUAL	(NEG) POS VARIANCE
REVENUE			
Sewage Treatment Revenue	$ 989,538	$ 1,008,802	19,264
Miscellaneous Income	1,000	1,287	287
Interest Income	72,582	54,577	(18,005)
Total Revenues	$ 1,063,120	$ 1,064,666	$ 1,546
OPERATING EXPENSES			
Sewage Treatment	$ 133,613	$ 131,574	2,039
Repairs and Maintenance-Sewer	200,000	140,559	59,441
Auditing	6,000	7,000	(1,000)
Insurance	15,000	14,131	869
Engineering	125,000	62,275	62,725
Legal	72,000	72,000	-
Telephone and Utilities	9,000	8,168	832
Directors' Fees	4,800	4,200	600
Office Expense	2,748	2,706	42
Interest Expense	-	120	(120)
Miscellaneous Expense	16,322	19,154	(2,832)
Lease Payments	4,720	3,751	969
Repairs and Maintenance-General	17,526	9,625	7,901
Operation Fee	36,000	45,150	(9,150)
Rent	17,040	17,040	-
Salaries	200,000	201,598	(1,598)
Payroll Tax Expense	18,000	15,618	2,382
Total Operating Expenses	$ 877,769	$ 754,669	$ 123,100
OTHER ITEMS			
Asset Acquisition	500,000	383,093	116,907
Total Expenses	$ 1,377,769	$ 1,137,762	$ 240,007
TOTAL CURRENT YEAR REVENUES IN EXCESS OF EXPENSES	$ (314,649)	$ (73,096)	$ 241,553
Net Change in Cash Balances	(314,649)	(124,534)	(190,115)
Cash Balance, Beginning	1,697,245	1,612,235	$ 243,592
Cash Balance, Ending	$ 1,382,596	$ 1,487,701	$ 53,477

See Accompanying Notes to Financial Statements