SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT COMMERCE CITY, COLORADO

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2025 AND 2024

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SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Directors
South Adams County Water and Sanitation District
Commerce City, Colorado

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of South Adams County Water and Sanitation District as of December 31, 2025 and 2024, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our 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 America require that the Management's Discussion and Analysis 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of operating revenue, budgetary comparison schedules, schedule of budget reconciliation and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the schedule of operating revenue, budgetary comparison schedules, schedule of budget reconciliation and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the secondary market information but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Directors
South Adams County Water and Sanitation District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
June 16, 2026

The Management's Discussion and Analysis for South Adams County Water and Sanitation District (District) offers readers an overview of the District's financial activities for the fiscal years ended December 31, 2025 and 2024. Readers are encouraged to consider this information in conjunction with the District's financial statements, and notes to the basic financial statements.

Financial Highlights for 2025

- Net position increased by $76,462,628 in 2025 or 9.9%, primarily due to capital contributions of $59,546,536.
- Capital contributions consist of the following:

Tap fees	$ 813,104
Developer contributions	21,603,281
System development fees	9,587,747
Capital grants	27,542,407

- Income before capital contributions is $16,916,089, an increase of $6,318,611 or 59.6% from 2024.
- The loss from operations is ($742,914) for 2025, compared to income from operations of $2,337,926 in 2024.
- The District currently has 24,608 active water and 23,972 active sewer customer accounts.
- Unrestricted net position increased by $4,674,865 which is a 2.5% increase from the prior fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Net Position, and 3) Statement of Cash Flows. These financial statements are prepared similar to a business activity using the accrual basis of accounting and economic resource measurement focus.

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

Statements of Revenues, Expenses, and Changes in Net Position: The Statements of Revenues, Expenses, and Changes in Net Position report the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported for some items that will only have cash flows in subsequent years.

Statements of Cash Flows: The Statements of Cash Flows are concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from noncapital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

Notes to the Basic Financial Statements: The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 18-35.

Summary and Financial Analysis

NET POSITION

	2025	2024
ASSETS		
Current Assets	$ 196,895,859	$ 195,603,609
Restricted Cash and Investments	1,504,837	1,513,910
Capital Assets, Net of Accumulated Depreciation	757,880,835	685,508,898
Total Assets	$ 956,281,531	$ 882,626,417
LIABILITIES		
Current Liabilities	$ 17,012,447	$ 16,126,284
Other Liabilities	254,837	263,910
Long-Term Liabilities	88,556,435	93,111,468
Total Liabilities	105,823,719	109,501,662
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	4,529,409	3,631,703
2020B Bond Deferred Gain on Refunding	136,387	163,664
Total Deferred Inflows of Resources	4,665,796	3,795,367
NET POSITION		
Net Investment in Capital Assets	653,127,762	581,339,999
Restricted	1,250,000	1,250,000
Unrestricted	191,414,254	186,739,389
Total Net Position	845,792,016	769,329,388
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 956,281,531	$ 882,626,417

The District increased its net position by $76,462,628 during 2025. Capital assets net of depreciation increased by $72,371,937. This increase is funded by the application of capital contributions in the amount of $59,546,539. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of $179,883,412, which is available for repayment of debt and future capital outlays funded by operations as well as sustaining current operations. This amount does not include $1,250,000 of available funds shown as restricted cash and investments for debt service reserves specified in the Colorado Water and Power Authority loan documents.

	2024	2023
ASSETS		
Current Assets	$ 195,603,609	$ 154,131,712
Restricted Cash and Investments	1,513,910	1,468,278
Capital Assets, Net of Accumulated Depreciation	685,508,898	651,549,250
Total Assets	$ 882,626,417	$ 807,149,240
LIABILITIES		
Current Liabilities	$ 16,126,284	$ 10,357,596
Other Liabilities	263,910	218,278
Long-Term Liabilities	93,111,468	82,156,375
Total Liabilities	109,501,662	92,732,249
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	3,631,703	3,457,007
2020B Bond Deferred Gain on Refunding	163,664	190,942
Total Deferred Inflows of Resources	3,795,367	3,647,949
NET POSITION		
Net Investment in Capital Assets	581,339,999	562,414,403
Restricted	1,250,000	1,250,000
Unrestricted	186,739,389	147,104,639
Total Net Position	769,329,388	710,769,042
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 882,626,417	$ 807,149,240

The District increased its net position by $58,560,346 during 2024. Capital assets net of depreciation increased by $33,959,648. This increase is funded by the application of capital contributions in the amount of $47,962,868. The "Operations Funds Available" (current assets less current liabilities) calculates to an amount of $179,477,325, which is available for repayment of debt and future capital outlays funded by operations as well as sustaining current operations. This amount does not include $1,250,000 of available funds shown as restricted cash and investments for debt service reserves specified in the Colorado Water and Power Authority loan documents.

CHANGES IN NET POSITION

	2025	2024
OPERATING REVENUE		
Water	$ 32,100,396	$ 31,298,227
Sanitation	20,869,086	19,167,508
Total Operating Revenue	52,969,482	50,465,735
NONOPERATING REVENUE		
Taxes	3,925,623	3,941,339
Net Investment Income	6,569,704	7,082,841
Gain on Sale of Capital Asset	77,480	8,182
Miscellaneous and Other Income	10,206,801	283,037
Total Nonoperating Revenue	20,779,608	11,315,399
Total Revenue	73,749,090	61,781,134
OPERATING EXPENSES		
Direct Expenses:		
Water	30,831,569	28,550,742
Sanitation	13,982,838	11,072,237
Total Direct Expenses	44,814,407	39,622,979
General and Administrative Expenses	8,897,989	8,504,830
Total Operating Expenses	53,712,396	48,127,809
NONOPERATING EXPENSES		
Interest	2,953,390	2,984,090
Other	167,215	71,757
Total Nonoperating Expenses	3,120,605	3,055,847
Total Expenses	56,833,001	51,183,656
INCOME BEFORE CAPITAL CONTRIBUTIONS	16,916,089	10,597,478
CAPITAL CONTRIBUTIONS	59,546,539	47,962,868
CHANGE IN NET POSITION	76,462,628	58,560,346
Net Position - Beginning of Year	769,329,388	710,769,042
NET POSITION - END OF YEAR	$ 845,792,016	$ 769,329,388

Revenue:

Operating revenue for fiscal year 2025 generated from water operations totaled $32,100,396, an increase of $802,169 or 2.6% compared to fiscal year 2024. This increase was the result of an increase in overall water consumption of 1.0% from the prior year. Sanitation operating revenues increased from $19,167,508 in fiscal year 2024 to $20,869,086 in fiscal year 2025 due to an increase in the rate charged to customers of 6% and increase in customers of 2.2% as compared to 2024.

Non-operating revenue increased from $11,315,399 in 2024 to $20,779,608 in 2025, representing a 83.6% increase. This increase was driven by the District receiving $9,683,961 in settlement payments from a class action lawsuit that are presented within Miscellaneous and Other Income.

Expenses:

Total operating expenses for 2025, which include direct, general and administrative expenses, were $53,712,396, an increase of $5,584,587 or 11.6% more than the preceding year. Expenses for water increased by $2,280,827 in relation to increased payroll and benefit expenses and water treatment expenses. Expenses for sanitation increased by $2,910,601 or 26.3% in relation to increase payroll and benefit expenses. Expenses for general and administrative expenses increased by $393,159 or 4.6% in relation to increased payroll and benefit expenses in addition to increases in various expenses related to management services.

CHANGES IN NET POSITION

	2024	2023
OPERATING REVENUE		
Water	$ 31,298,227	$ 24,828,316
Sanitation	19,167,508	17,245,147
Total Operating Revenue	50,465,735	42,073,463
NONOPERATING REVENUE		
Taxes	3,941,339	3,627,434
Net Investment Income	7,082,841	6,024,529
Gain on Sale of Capital Asset	27,927	27,927
Other	283,037	2,836,362
Total Nonoperating Revenue	11,335,144	12,516,252
Total Revenue	61,800,879	54,589,715
OPERATING EXPENSES		
Direct Expenses:		
Water	28,550,742	24,102,319
Sanitation	11,072,237	10,794,373
Total Direct Expenses	39,622,979	34,896,692
General and Administrative Expenses	8,504,830	8,116,792
Total Operating Expenses	48,127,809	43,013,484
NONOPERATING EXPENSES		
Interest	2,984,090	2,796,277
Other	71,757	96,726
Total Nonoperating Expenses	3,055,847	2,893,003
Total Expenses	51,183,656	45,906,487
INCOME BEFORE CAPITAL CONTRIBUTIONS	10,597,478	8,683,228
CAPITAL CONTRIBUTIONS	47,962,868	38,604,369
CHANGE IN NET POSITION	58,560,346	47,287,597
Net Position - Beginning of Year	710,769,042	663,481,445
NET POSITION - END OF YEAR	$ 769,329,388	$ 710,769,042

Revenue:

Operating revenue for fiscal year 2024 generated from water operations totaled $31,298,227, an increase of $6,469,911 or 26.1% compared to fiscal year 2023. This increase was the result of a increase in overall water consumption of 22.0% from the prior year. Sanitation operating revenues increased from $17,245,147 in fiscal year 2023 to $19,167,508 in fiscal year 2024 due to an increase in the rate charged to customers of 4% and increase in customers of 2.9% as compared to 2023.

Non-operating revenue decreased from $12,516,252 in 2023 to $11,335,144 in 2024, representing a 9.4% decrease. This decrease was driven by a decrease of $2,553,325 in revenues recognized for state grants.

Expenses:

Total operating expenses for 2024, which include direct, general and administrative expenses, were $48,127,809, an increase of $5,114,325 or 11.9% more than the preceding year. Expenses for water increased by $4,448,423 in relation to increased payroll and benefit expenses and water treatment expenses. Expenses for sanitation increased by $277,864 in relation to increase payroll and benefit expenses. Expenses for general and administrative expenses increased by $388,038 or 4.8% in relation to increased payroll and benefit expenses in addition to increases in various expenses related to management services.

Capital Assets

	December 31, 2024	Net Changes	December 31, 2025
Water System			
Land and Land Rights	$ 6,731,260	$ -	$ 6,731,260
Water Rights	233,678,859	33,609,828	267,288,687
Construction in Progress	61,185,037	21,107,374	82,292,411
Plant and Equipment	324,785,955	17,650,685	342,436,640
Total Water System	626,381,111	72,367,887	698,748,998
Sanitation System			
Land and Land Rights	1,362,512	-	1,362,512
Construction in Progress	8,391,920	9,054,724	17,446,644
Plant and Equipment	191,157,418	7,847,597	199,005,015
Total Sanitation System	200,911,850	16,902,321	217,814,171
Accumulated Depreciation	141,784,062	16,898,272	158,682,334
Total Capital Assets - Net	$ 685,508,899	$ 72,371,936	$ 757,880,835

2025

Gross capital assets increased in excess of $89.3 million during 2025. Significant components of that increase are as follows:

- Water and Sanitation acceptances totaling in excess of $21.6 million.
- Current year activity totaling $67.6 million for various capital construction projects in progress including $41.3 million for constructing the PFAS Treatment Plant.

These continuing investments in infrastructure provide for the reliable operation of the District's water and wastewater systems and provide for the future capacity of the District to provide water and wastewater treatment for many years into the future.

	December 31, 2023	Net Changes	December 31, 2024
Water System			
Land and Land Rights	$ 6,731,260	$ -	$ 6,731,260
Water Rights	233,678,859	-	233,678,859
Construction in Progress	37,395,959	23,789,078	61,185,037
Plant and Equipment	311,421,369	13,364,586	324,785,955
Total Water System	589,227,447	37,153,664	626,381,111
Sanitation System			
Land and Land Rights	1,362,512	-	1,362,512
Construction in Progress	2,925,173	5,466,747	8,391,920
Plant and Equipment	183,775,651	7,381,767	191,157,418
Total Sanitation System	188,063,336	12,848,514	200,911,850
Accumulated Depreciation	125,741,533	16,042,529	141,784,062
Total Capital Assets - Net	$ 651,549,250	$ 33,959,649	$ 685,508,899

2024

Gross capital assets increased in excess of $50.0 million during 2024. Significant components of that increase are as follows:

- Current year acquisitions totaling $14.3 million for distribution mains, sewer mains and transportation equipment.
- Water and Sanitation acceptances totaling in excess of $14.1 million.
- Current year activity totaling $19.7 million for designing and constructing the PFAS Treatment Plant.

These continuing investments in infrastructure provide for the reliable operation of the District's water and wastewater systems and provide for the future capacity of the District to provide water and wastewater treatment for many years into the future.

Debt Administration:

At December 31, 2025, the District has three outstanding debt obligations, the Series 2014, 2018, and 2020B Revenue Bonds in the amount of $7,620,000, $50,295,000, and $3,765,000, respectively. At December 31, 2025, the District has two loans from the Colorado Water Resource and Power Development Authority, the Series 2014 and 2024A in the amount of $13,099,236 and $15,536,947, respectively.

At December 31, 2024, the District has four outstanding debt obligations, the Series 2014, 2018, 2020A and 2020B Revenue Bonds in the amount of $8,190,000, $51,610,000, $1,825,000 and $4,480,000, respectively. At December 31, 2024, the District has two loans from the Colorado Water Resource and Power Development Authority, the Series 2014 and 2024A in the amount of $14,165,921 and $16,142,516, respectively.

Economic Environment:

The current economic environment for the District can be characterized as steady in the sale of water taps associated with residential and commercial development. The Denver metropolitan area, and in particular the Adams County area has maintained its growth and the expectation is for that to continue. The District estimates that it has current developed water resources to meet demand for the next 30 years. The District is well along in developing water and wastewater treatment capacity for the same time horizon.

Requests for Information:

This financial report is designed to provide its readers a general overview of the District's finances. Questions regarding any information contained in this report or requests for additional information should be addressed to the District Manager, 6595 East 70th Avenue, Commerce City, CO 80037 or call (303) 288-2646.

FINANCIAL STATEMENTS

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Investments	$ 24,012,445	$ 22,436,316
Cash and Investments - Designated	147,090,629	140,436,739
Accounts Receivable:		
Customers	5,328,637	5,012,257
Taxes	4,589,782	3,692,077
Grants	7,304,572	6,349,460
Other	8,094,743	17,191,995
Inventories, Supplies, and Materials	22,564	222,496
Prepaid Expenses	452,487	262,269
Total Current Assets	196,895,859	195,603,609
RESTRICTED CASH AND INVESTMENTS		
Operating Reserve	1,250,000	1,250,000
Employee Flexible Spending Accounts	26,276	34,944
Customer Deposits	228,561	228,966
Total Restricted Cash and Investments	1,504,837	1,513,910
CAPITAL ASSETS		
Capital Assets Not Being Depreciated	375,121,514	311,349,588
Capital Assets Being Depreciated (Net of Accumulated Depreciation)	382,759,321	374,159,310
Total Capital Assets	757,880,835	685,508,898
Total Assets	$ 956,281,531	$ 882,626,417

See accompanying Notes to Financial Statements.

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2025 AND 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2025	2024
CURRENT LIABILITIES		
Accounts Payable	$ 7,832,078	$ 7,443,780
Retainage Payable	3,218,058	1,002,229
Accrued Interest	523,270	545,872
Accrued Benefits Payable	114,332	117,153
Current Portion of Bonds and Loan Payable	4,411,675	6,097,254
Current Portion of Compensated Absences	913,034	919,996
Total Current Liabilities	17,012,447	16,126,284
RESTRICTED LIABILITIES		
Customer Deposits	228,561	228,966
Employee Flexible Spending Accounts	26,276	34,944
Total Restricted Liabilities	254,837	263,910
LONG-TERM LIABILITIES		
Long-Term Portion of Bonds and Loan Payable	88,556,435	93,111,468
Total Long-Term Liabilities	88,556,435	93,111,468
Total Liabilities	105,823,719	109,501,662
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	4,529,409	3,631,703
2020B Bond Deferred Gain on Refunding	136,387	163,664
Total Deferred Inflows of Resources	4,665,796	3,795,367
NET POSITION		
Net Investment in Capital Assets	653,127,762	581,339,999
Restricted for Operating Reserve	1,250,000	1,250,000
Unrestricted	191,414,254	186,739,389
Total Net Position	845,792,016	769,329,388
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 956,281,531	$ 882,626,417

See accompanying Notes to Financial Statements.

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
WATER OPERATIONS		
Operating Revenue	$ 32,100,396	$ 31,298,227
Direct Water Expenses	30,831,569	28,550,742
Gross Income from Water Operations	1,268,827	2,747,485
SANITATION OPERATIONS		
Operating Revenue	20,869,086	19,167,508
Direct Sanitation Expenses	13,982,838	11,072,237
Gross Income from Sanitation Operations	6,886,248	8,095,271
GROSS INCOME FROM OPERATIONS	8,155,075	10,842,756
GENERAL AND ADMINISTRATIVE EXPENSES	8,897,989	8,504,830
NET INCOME (LOSS) FROM OPERATIONS	(742,914)	2,337,926
NONOPERATING REVENUES AND (EXPENSES)		
General Property Tax	3,740,567	3,756,734
Other Taxes	185,056	184,605
Net Investment Income	6,569,704	7,082,841
Gain on Sale of Capital Asset	77,480	8,182
Miscellaneous and Other Income	10,206,801	283,037
Interest Expense	(2,953,390)	(2,984,090)
Treasurer's Fees	(167,215)	(71,757)
Total Nonoperating Revenues and (Expenses)	17,659,003	8,259,552
INCOME BEFORE CAPITAL CONTRIBUTIONS	16,916,089	10,597,478
CAPITAL CONTRIBUTIONS		
Capital Grants	27,542,407	19,148,434
Tap Fees	813,104	1,307,563
Developer Contributions	21,603,281	14,126,264
System Development Fees	9,587,747	13,380,607
Total Capital Contributions	59,546,539	47,962,868
CHANGE IN NET POSITION	76,462,628	58,560,346
Net Position - Beginning of Year	769,329,388	710,769,042
NET POSITION - END OF YEAR	$ 845,792,016	$ 769,329,388

See accompanying Notes to Financial Statements.

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$ 61,749,949	$ 49,530,382
Cash Payments for Goods and Services	(32,037,579)	(19,460,194)
Cash Payments to Employees	(12,520,407)	(12,097,199)
Net Cash Provided by Operating Activities	17,191,963	17,972,989
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax Receipts Collected by Other Governmental Agencies, Net of Treasurer's Fee	3,758,409	3,869,582
Miscellaneous and Other Receipts	10,206,801	283,037
Net Cash Provided by Noncapital Financing Activities	13,965,210	4,152,619
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Capital Acquisitions	(57,327,676)	(31,408,763)
Interest Paid	(3,146,627)	(2,957,166)
Cash Received from Capital Grants	20,237,835	12,798,974
Cash Received from Other Government Entities	6,349,460	-
Cash Received from Sale of Assets	77,480	8,182
Principal Payments on Debt	(6,097,254)	(5,358,513)
System Development Fees	9,587,747	13,380,607
Tap Fees	813,104	1,307,563
Net Cash Used by Capital and Related Financing Activities	(29,505,931)	(12,229,116)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of Interest	6,569,704	7,082,841
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,220,946	16,979,333
Cash and Cash Equivalents - Beginning of Year	164,386,965	147,407,632
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 172,607,911	$ 164,386,965

See accompanying Notes to Financial Statements.

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (742,914)	$ 2,337,926
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	17,205,367	16,057,556
Effect of Changes in Operating Assets and Liabilities:		
Customer Receivables	(316,380)	(1,106,185)
Other Receivables	9,097,252	130,751
Inventory	199,932	138,356
Prepaid Expenses	(190,218)	(73,442)
Accounts Payable	(8,042,220)	180,238
Accrued Benefits	(18,451)	267,708
Customer Deposits	(405)	40,081
Net Cash Provided by Operating Activities	$ 17,191,963	$ 17,972,989

SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Developer infrastructure contributions were $21,603,281 and $14,126,264 for 2025 and 2024, respectively.

Bond premium amortization was $143,358 and $146,198 for 2025 and 2024, respectively.

Amortization of deferred gain on refunding was $27,277 and $27,278 for 2025 and 2024, respectively.

Capital-related retainage and accounts payable was $11,648,756 and $4,796,513 for 2025 and 2024, respectively.

	2025	2024
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR TO STATEMENTS OF NET POSITION		
Unrestricted Cash and Cash Equivalents	$ 171,103,074	$ 162,873,055
Restricted Cash and Cash Equivalents	1,504,837	1,513,910
Total Cash and Cash Equivalents	$ 172,607,911	$ 164,386,965

See accompanying Notes to Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

South Adams County Water and Sanitation District (the District) is a quasi-municipal organization that provides water and sewer services to its customers. The District is governed by an elected five member board of directors. The District's service area is located in Commerce City, Colorado and the surrounding area. Since the major part of its income is derived from user charges, the District is classified as an “Enterprise Fund”. Because of the self-supporting nature of the District, its accounting is on the accrual basis much like a private, profit-making business. However, unlike a private business, the District is not subject to federal or state income taxes.

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 organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenses for capital assets are shown as increases in assets and redemption of bonds and loans is recorded as a reduction in liabilities. Tap fees, system development fees, and developer contributions (capital assets and contributions in aid of construction) are recorded as capital contributions when received.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

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

Budgets

Budgets are prepared in accordance with the requirements of Colorado Revised Statutes and accordingly include "anticipated income and other means of financing proposed expenditures", and expenditures include, in addition to those shown in the operating statements, debt redemptions and capital expenditures. Accordingly, budget comparisons are of the legally adopted budget. The level of budget control is determined by the resolution appropriating sums of monies. The resolution appropriates the level of budget control by total expenditures. Appropriations lapse at year-end. The District's budget calendar is as follows:

> In August of each year, the District develops its budget for the upcoming year. In September/October, the budget is presented to the board of directors for preliminary approval. A public meeting is held at the November board meeting. During the December board meeting the budget for the upcoming year is finalized and approved.

Cash and Investments

For purposes of the statements of cash flows, the District considers cash deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are valued at amortized cost.

Designated Cash and Investments

The District has several cash and investment accounts that have been designated by the District as follows:

> The future asset reserves are comprised of water and sewer tap fees, system development fees and water resource fees held for future capital purchases.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash and Investments

The District has several cash and investment accounts that have been restricted for specific purposes. The following accounts have been restricted by external sources:

Under the District's Loan agreements with the Colorado Water Resources and Power Development Authority (CWPA), the District is required to maintain an operating reserve of $1,250,000, which is shown as restricted cash on the statements of net position. Customer deposits are held by the District and will eventually be refunded to the customers. Proceeds from the 2018 revenue bonds are restricted for capital projects, and the unspent amount is shown as restricted cash on the statements of net position. Historically the District has had a number of parties that are permitted to use a fire hydrant to draw water for construction purposes. The hydrant policy was changed so that new construction water users whose business is located within the District's service area have sufficient space on their property to install the necessary infrastructure and will make a permanent connection to the District's water distribution system in lieu of utilizing District hydrants. The party will install infrastructure as approved by the District and will pay the hydrant water rate for a period of 10 years to adequately reimburse the District for the water resources it uses for construction purposes. Amounts held in employee flexible spending accounts are contributions by employees to a flexible spending account which is restricted to be used at the employee's discretion on allowable costs under the plan.

The restricted asset accounts for customer deposits and employee flexible spending account have corresponding restricted liabilities accounts.

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

Accounts Receivable

The District does not provide a reserve for estimated uncollectible accounts since such amounts are negligible. A lien on the property assures collection of virtually all accounts.

Inventories

Inventories are valued at the lower of cost using the first-in, first-out method or market.

Capital Assets

Capital assets, which include land and land rights, water rights, water plant and equipment, and sanitation plant and equipment, are reported by the District. The District's policy is to capitalize all capital asset purchases regardless of their initial, individual cost. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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 lives:

Buildings	25 to 30 Years
Water and Sanitation Plant	40 to 99 Years
Furniture and Equipment	5 to 20 Years

The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Property Taxes

Property taxes are levied by the District's 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 are recorded initially as a deferred inflow of resources in the year they are levied and measurable. The property taxes are then recorded as revenue in the year they are available or collected.

Compensated Absences

Beginning May 2009, the District no longer accrues for sick leave due to the inception of a paid time off (PTO) policy that replaced the sick and vacation leave policy. Unused sick leave remaining from the previous policy is capped at 960 hours per employee and recorded as a liability under compensated absences. Upon termination or resignation from the District, unused sick leave will be paid according to the employee's years of service. Effective January 1, 1999, unused sick leave vests at the same rate as pension benefits vest for employees terminating prior to January 1, 2007. It is the District's policy to use the current year's used PTO amount as the current portion of accrued compensated absences. See the schedule located at Note 5.

PTO is expected to be used within a reasonable period from the date of earning it. Each employee may carryover 1-1/2 times their annual accrual. Upon termination or resignation, unused PTO will be paid to the employee in full. Unused PTO is recorded as a long-term liability.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Bond discounts and premiums are amortized over the lives of the bond issue on a straight-line basis, which approximates the effective interest method.

Deferred Inflows of Resources

The Series 2020B Water and Wastewater Refunding bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $272,774. This difference is reported as a deferred inflow of resources as of December 31, 2025 and 2024. See Note 5 for additional information.

Use of Estimates in 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

Reclassifications

Certain amounts within the December 31, 2024 financial statements have been reclassified to conform to the December 31, 2025 presentation. The reclassifications had no effect on previously reported net position.

NOTE 3 CASH AND INVESTMENTS

Cash and investments are reflected on the December 31 statements of net position as follows:

	2025	2024
Cash and Investments	$ 24,012,445	$ 22,436,316
Cash and Investments - Designated	147,090,629	140,436,739
Restricted Cash and Investments:		
Operating Reserve	1,250,000	1,250,000
Employee Flexible Spending Accounts	26,276	34,944
Customer Deposits	228,561	228,966
Total Cash and Investments	$ 172,607,911	$ 164,386,965

Cash and investments as of December 31 consist of the following:

	2025	2024
Cash on Hand	$ 3,480	$ 3,480
Deposits with Financial Institutions	17,881,476	17,988,642
Investments	154,722,955	146,394,843
Total Cash and Investments	$ 172,607,911	$ 164,386,965

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

Investments

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest:

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

The local government investment pool, Colorado Surplus Asset Fund Trust (CSAFE) is rated AAAm by Standard & Poor's.

Interest Rate Risk

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

Revenue bonds of U.S. local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bonds proceeds are limited to three years or less.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Interest Rate Risk (Continued)

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

Investment	Maturity Less Than One Year	Standard & Poor's Rating	Total Amortized Cost	Concentration
CSAFE	$ 154,722,955	AAAm	$ 154,722,955	100.0%

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

Investment	Maturity Less Than One Year	Standard & Poor's Rating	Total Amortized Cost	Concentration
CSAFE	$ 146,394,843	AAAm	$ 146,394,843	100.0%

CSAFE

At December 31, 2025 and 2024, the District had $154,722,955 and $146,394,843, respectively, invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. There are no limitations or restrictions on withdrawals from the Trust. The Trust is similar to a money market fund, with each share valued at $2.00. CSAFE is valued at amortized cost.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025 follows:

	Balance at January 1, 2025	Increases	Transfers	Decreases	Balance at December 31, 2025
Capital Assets, Not Being Depreciated:					
Land and Land Rights	$ 8,093,772	$ -	$ -	$ -	$ 8,093,772
Water Rights	233,678,859	-	33,609,828	-	267,288,687
Construction in Progress	69,576,957	67,602,543	(37,440,445)	-	99,739,055
Total Capital Assets, Not Being Depreciated	311,349,588	67,602,543	(3,830,617)	-	375,121,514
Capital Assets, Being Depreciated:					
Buildings	7,894,731	-	-	-	7,894,731
Water System Plant	312,455,292	14,635,640	2,971,360	-	330,062,292
Sanitation System Plant	182,556,259	6,967,641	515,668	22,541	190,017,027
Furniture and Equipment	13,037,090	371,480	343,589	284,554	13,467,605
Total Capital Assets, Being Depreciated	515,943,372	21,974,761	3,830,617	307,095	541,441,655
Less Accumulated Depreciation for:					
Buildings	3,303,744	503,503	-	-	3,807,247
Water System Plant	75,539,400	11,162,535	-	-	86,701,935
Sanitation System Plant	57,681,281	5,335,504	-	22,541	62,994,244
Furniture and Equipment	5,259,637	203,825	-	284,554	5,178,908
Total Accumulated Depreciation	141,784,062	17,205,367	-	307,095	158,682,334
Total Capital Assets, Being Depreciated, Net	374,159,310	4,769,394	3,830,617	-	382,759,321
Capital Assets, Net	$ 685,508,898	$ 72,371,937	$ -	$ -	$ 757,880,835

NOTE 4 CAPITAL ASSETS (CONTINUED)

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

	Balance at January 1, 2024	Increases	Transfers	Decreases	Balance at December 31, 2024
Capital Assets, Not Being Depreciated:					
Land and Land Rights	$ 8,093,772	$ -	$ -	$ -	$ 8,093,772
Water Rights	233,678,859	-	-	-	233,678,859
Construction in Progress	40,321,132	35,636,672	(6,380,847)	-	69,576,957
Total Capital Assets, Not Being Depreciated	282,093,763	35,636,672	(6,380,847)	-	311,349,588
Capital Assets, Being Depreciated:					
Buildings	7,699,379	-	195,352	-	7,894,731
Water System Plant	299,515,579	9,604,565	3,335,148	-	312,455,292
Sanitation System Plant	175,578,038	4,521,700	2,456,521	-	182,556,259
Furniture and Equipment	12,404,024	254,267	393,826	15,027	13,037,090
Total Capital Assets, Being Depreciated	495,197,020	14,380,532	6,380,847	15,027	515,943,372
Less Accumulated Depreciation for:					
Buildings	2,818,188	485,556	-	-	3,303,744
Water System Plant	65,148,568	10,390,832	-	-	75,539,400
Sanitation System Plant	52,673,936	5,007,345	-	-	57,681,281
Furniture and Equipment	5,100,841	173,823	-	15,027	5,259,637
Total Accumulated Depreciation	125,741,533	16,057,556	-	15,027	141,784,062
Total Capital Assets, Being Depreciated, Net	369,455,487	(1,677,024)	6,380,847	-	374,159,310
Capital Assets, Net	$ 651,549,250	$ 33,959,648	$ -	$ -	$ 685,508,898

Depreciation expense for the years ended December 31 as charged to the following operations:

	2025	2024
Direct Water Expenses	$ 11,768,693	$ 10,810,719
Direct Sewer Expenses	5,436,674	5,246,837
Total	$ 17,205,367	$ 16,057,556

NOTE 5 LONG-TERM LIABILITIES

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

	Balance January 1, 2025	New Issues	Retirements	Balance December 31, 2025	Due Within One Year
Direct Borrowing -					
Colorado Water and Power Authority Loan - 2014	$ 14,165,921	$ -	$ 1,066,685	$ 13,099,236	$ 1,080,649
Colorado Water Resources and Power Development Authority DWRF Leverage Loan Program - 2024	16,142,516	-	605,569	15,536,947	626,026
Direct Placement -					
Series 2020A Refunding Bond	1,825,000	-	1,825,000	-	-
Series 2020B Refunding Bond	4,480,000	-	715,000	3,765,000	730,000
Revenue Bonds -					
Series 2014 Bond	8,190,000	-	570,000	7,620,000	590,000
Series 2018 Bond	51,610,000	-	1,315,000	50,295,000	1,385,000
Bond Premium	2,795,285	-	143,358	2,651,927	-
Total Long-Term Obligations	99,208,722	$ -	$ 6,240,612	92,968,110	$ 4,411,675
Less Current Portion	6,097,254			4,411,675	
Long-Term Portion	$ 93,111,468			$ 88,556,435	

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

	Balance January 1, 2024	New Issues	Retirements	Balance December 31, 2024	Due Within One Year
Direct Borrowing -					
Colorado Water and Power Authority Loan - 2014	$ 15,193,334	$ -	$ 1,027,413	$ 14,165,921	$ 1,066,685
Colorado Water Resources and Power Development Authority DWRF Leverage Loan Program - 2024	-	16,173,616	31,100	$ 16,142,516	605,569
Direct Placement -					
Series 2020A Refunding Bond	3,625,000	-	1,800,000	1,825,000	1,825,000
Series 2020B Refunding Bond	5,185,000	-	705,000	4,480,000	715,000
Revenue Bonds -					
Series 2014 Bond	8,740,000	-	550,000	8,190,000	570,000
Series 2018 Bond	52,855,000	-	1,245,000	51,610,000	1,315,000
Bond premium	2,011,579	929,904	146,198	2,795,285	-
Total Long-Term Obligations	87,609,913	$ 17,103,520	$ 5,504,711	99,208,722	$ 6,097,254
Less Current Portion	5,453,538			6,097,254	
Long-Term Portion	$ 82,156,375			$ 93,111,468	

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

A detail of the District's long-term liabilities is as follows:

Colorado Water and Power Authority Loan. Issue date May 6, 2014; interest rate 2.25%; final payment date of August 1, 2036; annual principal payments range from $8,896 to $1,374,000. The loan contains a provision that in an event of default by the District, outstanding amounts become immediately due if the District is unable to make payment.

Water and Wastewater Revenue Bonds, Series 2014. In November 2014, the District issued Bonds for the purpose of funding the costs of water resources and capital improvements to the District's joint water and wastewater system. The Series 2014 Bonds were issued in the amount of $12,900,000. The bonds constitute special limited revenue obligations of the District payable solely from and to the extent of the revenue, net of operations and maintenance expenses, derived by the District from the operations of its joint water and wastewater system, and under certain circumstances from moneys held in the Series 2014 Bond Reserve Account. The bonds mature annually beginning in 2015 with final payment in 2036. Interest with rates from 2.00% to 4.00% is payable semi-annually. The Bonds contain a provision that in an event of default by the District, outstanding amounts become immediately due if the District is unable to make payment.

Mandatory Sinking Fund Redemption. The Series 2014 Bonds maturing on December 1, 2025 and 2026 (the Term Bonds), are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount of the Term Bonds so redeemed plus accrued interest to the redemption date, without redemption premium, on the dates and in the principal amounts specified in the following table.

Redemption Date (December 1)	Principal Amount
2026 (Maturity)	590,000
Total	$ 590,000

The amount of any sinking fund installment may be reduced by the principal amount of the Term Bonds that prior to such date have been optionally redeemed and cancelled and not theretofore applied as a credit against a mandatory sinking fund installment.

The Series 2014 Bonds maturing on or after December 1, 2025, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $5,000, in any order of maturity and in whole or in part, maturities are determined by the District, on December 1, 2024, and on any date thereafter, upon payment of the principal amount of the Series 2014 Bonds are redeemed plus accrued interest to the redemption date without redemption premium.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Water and Wastewater Revenue Bonds, Series 2018. In April 2018, the District issued Bonds for the purpose of funding the costs of water resources and capital improvements to the District's joint water and wastewater system. The Series 2018 Bonds were issued in the amount of $57,220,000. The bonds constitute special limited revenue obligations of the District payable solely from and to the extent of the revenue, net of operations and maintenance expenses, derived by the District from the operations of its joint water and wastewater system, and under certain circumstances from moneys held in the Series 2018 Bond Reserve Account. The bonds mature annually beginning in 2020 with final payment in 2048. Interest with rates from 3.00% to 5.50% is payable semi-annually. The Bonds contain a provision that in an event of default by the District, outstanding amounts become immediately due if the District is unable to make payment.

Mandatory Sinking Fund Redemption. The Series 2018 Bonds maturing on December 1, 2046 (the Term Bonds), are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount of the Term Bonds so redeemed plus accrued interest to the redemption date, without redemption premium, on the dates and in the principal amounts specified in the following table.

Redemption Date (December 1)	Principal Amount
2045	$ 2,825,000
2046 (Maturity)	2,925,000
Total	$ 5,750,000

The amount of any sinking fund installment may be reduced by the principal amount of the Term Bonds that prior to such date have been optionally redeemed and cancelled and not theretofore applied as a credit against a mandatory sinking fund installment.

The Series 2018 Bonds maturing on or after December 1, 2028, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $5,000, in any order of maturity and in whole or in part, maturities are determined by the District, on December 1, 2027, and on any date thereafter, upon payment of the principal amount of the Series 2018 Bonds are redeemed plus accrued interest to the redemption date without redemption premium.

Water and Wastewater Revenue Bonds, Series 2020A. In June 2020, the District issued Bonds for the purpose of refunding the Denver Water Storage Agreement outstanding in the amount of $10,569,277. As a result, the refunded Denver Water Storage Agreement debt was defeased and the liability for that debt was removed from the District's statement of net position.

The 2020A bonds mature annually beginning in 2020 with a final payment in 2025. Interest with a rate of 1.43% is payable semi-annually. The Bonds contain a provision that in an event of default by the District, outstanding amounts become immediately due if the District is unable to make payment. The Bonds were paid off in 2025.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Water and Wastewater Revenue Bonds, Series 2020B. In November 2020, the District issued Bonds for the purpose of refunding the Water and Wastewater Revenue Bonds, Series 2010 outstanding in the amount of $7,225,000. As a result, the refunded Water and Wastewater Revenue Bonds, Series 2010 bonds were defeased and the liability for those bonds was removed from the District's statement of net position.

The 2020B bonds mature annually beginning in 2021 with a final payment in 2030. Interest with a rate of 1.69% is payable semi-annually. The Bonds contain a provision that in an event of default by the District, outstanding amounts become immediately due if the District is unable to make payment.

Colorado Water Resources and Power Development Authority State Revolving Fund Revenue Bond, Series 2024A. The Bipartisan Infrastructure Law established federal funding administered through the Drinking Water State Revolving Fund which can be used to finance water infrastructure projects. In May 2024, the District executed a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of $46,173,616. The bond is a direct borrowing bond and includes both bond and principal forgiveness components. The bond amount of $16,173,616 is being amortized over 20 years at a fixed interest rate of 2.98%, and the remaining $30,000,000 was principal forgiveness. The bond matures annually beginning in 2024 with a final payment in 2044. The loan contains a provision that in the event of default, the authority may take any or all of the following actions: (1) withhold disbursement of remaining loan funds or (2) pursue any other remedies to which it is entitled under the loan agreement, at law or in equity.

Bond and loan principal and interest requirements for the next five years and in five-year increments thereafter are as follows, excluding amortization of bond premium:

	Revenue Bonds		Bonds and Loans from Direct Borrowings and Direct Placements		
Years	Principal	Interest	Principal	Interest	Total
2026	$ 1,975,000	$ 2,116,250	$ 2,436,675	$ 573,779	$ 7,101,704
2027	2,070,000	2,022,375	2,480,548	531,392	7,104,315
2028	2,165,000	1,927,313	2,517,260	488,336	7,097,909
2029	2,260,000	1,830,781	2,565,201	445,011	7,100,993
2030	2,330,000	1,761,369	2,612,972	399,232	7,103,573
2031-2035	12,895,000	7,565,419	10,017,462	1,447,106	31,924,987
2036-2040	11,935,000	5,159,425	5,722,759	669,750	23,486,934
2041-2045	13,200,000	3,046,225	4,048,306	179,800	20,474,331
2046-2050	9,085,000	662,619	-	-	9,747,619
Total	$ 57,915,000	$ 26,091,776	$ 32,401,183	$ 4,734,406	$ 121,142,365

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Changes in the District's compensated absences are as follows:

	Balance January 1, 2025	Additions	Reductions	Balance December 31, 2025	Current Portion
Compensated Absences	$ 919,996	$ -	$ ($6,962)*	$ 913,034	$ 913,034

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Current Portion
Compensated Absences	$ 669,441	$ 250,555*	$ -	$ 919,996	$ 919,996

*The change in the compensated absences liability is presented as a net change.

NOTE 6 NET POSITION

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

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

As of December 31, the District had a net investment in capital assets calculated as follows:

	2025	2024
Net Investment in Capital Assets:		
Capital Assets - Net of Accumulated Depreciation	$ 757,880,835	$ 685,508,898
Deferred Inflow from Debt Refunding	(136,387)	(163,664)
Capital-Related Retainage and Accounts Payable	(11,648,576)	(4,796,513)
Current Portion of Bonds and Loan Payable	(4,555,033)	(6,239,913)
Long-Term Portion of Bonds and Loan Payable	(88,413,077)	(92,968,809)
Total	$ 653,127,762	$ 581,339,999

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position as of December 31 are as follows:

	2025	2024
Restricted Net Position:		
Operating Reserve	$ 1,250,000	$ 1,250,000

NOTE 7 RETIREMENT AND DEFERRED COMPENSATION PLAN

Employees Pension Fund - The District has contracted with Lincoln National Life Insurance Company as the carrier of a single employer defined contribution retirement program for the District employees. The District has received a favorable determination letter from the Internal Revenue Service, which will allow the employer contributions to be nontaxable to the employees until the contributions are withdrawn from the Plan at retirement. The District contributes a 5% match of employees' wages to the Plan. An employee becomes eligible to participate in the Plan upon attaining the age of 21 and upon completing three years of service. Employees are 100% vested upon reaching normal retirement age, death or disability. On January 10, 2007, the District elected to amend the vesting schedule. If an employee terminates prior to normal retirement for any reason other than death or disability, the vesting schedules are as follows.

For employee terminating on or after January 1, 2007, the vesting schedule is as follows:

Years of Credited Service	Nonforfeitable Vested Percent
3	60 %
4	80
5 or More	100

Pension contributions were $340,330 and $365,739 for 2025 and 2024, respectively. There were no forfeitures to the Plan for 2025 and 2024.

The District also has a Deferred Compensation Plan under Section 457 of the Internal Revenue Code. All employees are eligible for this Plan. There are no costs to the District under this Deferred Compensation Plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. During 1997, the District amended the Section 457 Deferred Compensation Plan to require all amounts deferred to be held in trust for the exclusive benefit of participating employees and is not accessible by the District or its creditors.

NOTE 8 BOND AND LOAN COMPLIANCE

Under the CWPA loan agreements, the District will provide net revenues in each fiscal year sufficient to equal at least 110% of the aggregate amount of principal and interest payable in the following year.

As noted in the bond resolution for the 2014 and 2018 Water and Wastewater Revenue Bonds, the District will provide net revenues in each fiscal year sufficient to equal at least 125% of the aggregate amount of principal and interest payable in the following year of the bond issues.

At December 31, 2025 and 2024, management believes it has met these covenants.

NOTE 9 RISK MANAGEMENT

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

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

The District continues to carry commercial insurance coverage for other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the year under coverage. The District has had no significant reductions in insurance coverage from coverage in prior years. The District retains a certain level of all liability losses. For the year ended December 31, 2025, the District retains commercial general liability up to $-0- and a limit of $1,000,000 per occurrence. The District retains liability losses for buildings up to $5,000 with a limit of $1,000,000 per occurrence. The District retains liability losses for earthquakes up to $50,000 with a limit of $5,000,000 per occurrence.

The District retains liability losses for Flood up to $50,000 with a limit of $5,000,000 per occurrence for buildings 1-44, 57-67, 73, 74, 78, 79, 84, 88, 90-94, 107-112; retains liability losses for Flood up to $100,000 for buildings and a limit of $2,500,000 per occurrence for buildings 68, 69, 75, 76, 85-87; and retains liability losses for Flood up to $100,000 for buildings and a limit of $1,000,000 per occurrence for buildings 45-56, 70-72, 77, 80-83, 89, 95-106. The District retains liability losses for Utility Services up to $5,000 with a limit of $100,000 per occurrence. The District retains liability losses for Cause of Loss – Equipment Breakdown up to $10,000 with a limit of $250,000 per occurrence. The District retains liability losses for governmental crime $1,000 with a limit of $300,000 per occurrence. The District retains liability losses for public entity management liability $10,000 with a limit of $1,000,000 per occurrence. The District retains liability losses for public entity employment-related practices liability up to $15,000 with a limit of $1,000,000 per occurrence. The District retains liability losses for cyberfirst liability with a limit of $50,000 per occurrence. The District retains liability losses for automobiles up to $500 with a limit of $1,000,000. The District retains umbrella excess liability up to $10,000 with a limit of $5,000,000 per occurrence.

NOTE 10 COMMITMENTS AND CONTINGENCIES

As of December 31, 2025, the District had unexpended construction related contract commitments and contingencies on other projects of $10,964,002.

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Water Rights Cases

The District is involved in several water rights proceedings. Water rights proceedings are determinations with respect to quantitative rights to water resources in the state of Colorado, and, as such, do not directly involve monetary determinations under Colorado law, though the District's water rights and water agreements are of substantial value.

NOTE 11 AGREEMENTS

The District has entered into the agreements described below.

Water Storage Agreement – Westminster

In 2001, the District entered into a water storage agreement with the City of Westminster. Under the conditions of this agreement, the City agrees to sell 1,200 acre-feet of storage space, inlet and outlet capacity and the right to carry 1,200 acre-feet of water to the District. The District paid an initial payment of $336,000 in 2001 and has made annual payments from 2002 through 2007. The District agreed to pay total costs of $3,767,459. As of December 31, 2025, the District has a remaining cost of $877,718 to be paid once the project is complete. The project is in the process of being renegotiated between the City of Westminster and the District.

Water Resource Agreements

The District has entered into various water resource agreements with landowners and developers in the District. Under these agreements, the District has acquired certain water rights, storage rights and related improvements, and received capital contributions to go towards providing public water service to the participants.

NOTE 12 AGREEMENTS (CONTINUED)

Prospect Valley Intergovernmental Agreement

The District entered into an agreement with Prospect Valley Water and Sanitation District (PV) and Commerce City (CC) to share water resources among the parties and to meet conditions necessary for approval of the PV Service Agreement to provide services within Commerce City. PV conveyed to the District the water rights associated with certain wells located in the Lost Creek Designated Ground Water Basin, along with the well structures, related easements, and the obligation to convey additional easements and a 10 acre parcel of land in the future. In return, the District will issue 4,775.836 South Adams ERU Water Connections and the right of PV or its assigns to purchase 4,775.836 South Adams ERU Sanitary Sewer Connections. The ERU's can be used anywhere in the District's service area.

Metro Wastewater Reclamation District Agreement

On November 6, 2014, the District entered into an agreement with Metro Water Recovery (MWR) to purchase Single Family Residential Equivalents (SFRE) for existing customers in its Northern Service Area to divert a portion of its wastewater flow to MWR for sanitation. From 2009 to 2025 the District agreed to purchase a total of 8,910.2 SFREs and began diverting approximately 50% of the flow to the Northern Treatment Plant (NTP) beginning in May 2025.

SUPPLEMENTARY INFORMATION

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2024)

			Totals	
	Water	Sanitation	2025	2024
Metered Water Fees	$ 28,281,283	$ -	$ 28,281,283	$ 26,866,739
Softening Fees	1,559,897	-	1,559,897	1,529,908
Sewer Service Fees	-	20,670,067	20,670,067	18,877,632
Pretreatment Fees	-	112,828	112,828	162,567
Fireline Fees	422,398	-	422,398	389,825
Inclusion Fees	186,283	5,000	191,283	269,983
Leased Water	112,997	-	112,997	285,376
Turn on Charge	327,760	-	327,760	319,013
Tap-in Fees	519,768	81,191	600,959	947,141
Hydrant Water	690,010	-	690,010	817,551
Total Operating Revenue	$ 32,100,396	$ 20,869,086	$ 52,969,482	$ 50,465,735

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – WATER
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2024)

		Actual					Actual	
	Annual Budget	Source of Supply	Treatment	Distribution and Collection Allocated	Administration and General Allocated	Total 2025	Actual Over (Under) Budget	Total 2024
Power	$ 1,469,500	$ 908,767	$ 300,181	$ 20,281	$ -	$ 1,229,229	$ (240,271)	$ 1,208,030
Purchased Water	7,847,165	6,591,294	-	-	-	6,591,294	(1,255,871)	5,769,881
Repair and Maintenance	1,846,500	454,792	339,972	696,446	240,271	1,731,481	(115,019)	1,250,443
Safety Equipment	175,000	-	-	14,152	-	14,152	(160,848)	1,715
Customer Service Materials	750,000	-	-	465,921	-	465,921	(284,079)	662,051
Small Tools and Equipment	30,000	-	-	22,683	-	22,683	(7,317)	20,904
Operating Supplies	460,500	9,058	65,953	189,352	175,568	439,931	(20,569)	324,394
Office Supplies	19,700	-	7,533	6,014	2,887	16,434	(3,266)	21,542
Leased Equipment	25,000	-	-	-	18,613	18,613	(6,387)	17,840
Shop Supplies	56,000	4,608	40,310	8,010	-	52,928	(3,072)	39,413
Carbon Replacement	1,620,000	-	1,215,000	-	-	1,215,000	(405,000)	1,035,000
Chemical Supplies	1,785,000	54,384	1,547,133	-	-	1,601,517	(183,483)	1,747,573
Lab Supplies	200,000	93,498	97,976	-	-	191,474	(8,526)	177,536
Uniforms	32,300	394	5,275	10,648	2,643	18,960	(13,340)	15,288
Telecommunications	500,000	-	-	-	289,822	289,822	(210,178)	293,942
Utility - Gas	93,000	-	52,250	3,645	21,617	77,512	(15,488)	75,600
Salaries	7,987,151	259,427	1,621,169	1,954,944	2,079,425	5,914,965	(2,072,186)	5,704,547
Employee Benefits	2,957,788	90,251	407,495	660,783	516,151	1,674,680	(1,283,108)	1,741,097
Taxes - Payroll	594,547	19,742	120,080	133,104	144,147	417,073	(177,474)	505,463
Fuel Expense	180,500	-	11,104	81,241	-	92,345	(88,155)	84,796
Truck Expense	135,000	-	-	79,775	-	79,775	(55,225)	103,819
Water Supply	300,000	-	-	-	272,854	272,854	(27,146)	319,239
Quality Control	110,000	41,431	11,189	-	-	52,620	(57,380)	83,973
Audit	87,500	-	-	-	66,045	66,045	(21,455)	56,333
Management Services	1,040,000	-	-	41,607	541,593	583,200	(456,800)	493,736
Postage	219,500	-	1,710	7	120,161	121,878	(97,622)	122,673
Legal	300,000	-	-	-	405,737	405,737	105,737	443,320
Engineering	460,000	-	-	-	632,803	632,803	172,803	623,424
Insurance	521,748	-	-	-	417,387	417,387	(104,361)	335,972
Miscellaneous	590,550	8,490	33,850	13,409	477,800	533,549	(57,001)	487,469
Publications	13,550	-	-	-	5,201	5,201	(8,349)	2,261
Dues and Subscriptions	167,750	7,142	7,411	-	110,786	125,339	(42,411)	107,805
Water Rights Assessments	100,000	-	-	-	76,900	76,900	(23,100)	97,696
Conservation	105,000	-	-	-	66,917	66,917	(38,083)	126,959
Janitor	110,000	-	-	-	75,980	75,980	(34,020)	66,547
Landscape Maintenance	225,000	-	-	-	141,076	141,076	(83,924)	175,063
Board of Directors	10,500	-	-	-	3,034	3,034	(7,466)	4,884
Education	97,100	9,072	21,614	6,341	40,050	77,077	(20,023)	84,092
Total Operating Expenses - Water	33,222,849	$ 8,552,350	$ 5,907,205	$ 4,408,363	$ 6,945,468	25,813,386	(7,409,463)	24,432,320
Total Operating Expenses - Sanitation	12,005,624					10,693,642	(1,311,982)	7,637,934
Total Operating Expenses	$ 45,228,473					$ 36,507,028	$ (8,721,445)	$ 32,070,254

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – SANITATION (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2024)

		Actual					Actual	
	Annual Budget	Transmission and Collection	Sewage Treatment	Distribution and Collection Allocated	Administration and General Allocation	Total 2025	Actual Over (Under) Budget	Total 2024
Power	$ 387,040	$ 90,758	$ 500,371	$ 7,126	$ -	$ 598,255	$ 211,215	$ 764,480
Purchased Water	2,856,930	-	2,772,116	-	-	$ 2,772,116	(84,814)	-
Repair and Maintenance	874,480	76,236	386,793	244,697	84,420	792,146	(82,334)	576,371
Safety Equipment	56,000	-	-	4,972	-	4,972	(51,028)	602
Customer Service Materials	240,000	-	-	163,702	-	163,702	(76,298)	232,612
Small Tools and Equipment	9,600	-	-	7,970	-	7,970	(1,630)	7,345
Operating Supplies	768,320	8,986	518,868	66,529	61,686	656,069	(112,251)	569,930
Office Supplies	8,104	-	4,259	2,113	1,014	7,386	(718)	8,823
Leased Equipment	8,000	-	-	-	6,540	6,540	(1,460)	6,268
Shop Supplies	8,360	-	1,159	2,814	-	3,973	(4,387)	3,412
Uniforms	15,660	2,726	7,384	3,741	929	14,780	(880)	10,867
Telecommunications	160,000	-	-	-	101,830	101,830	(58,170)	103,277
Utility - Gas	70,560	5,725	27,692	1,280	7,595	42,292	(28,268)	49,271
Salaries	3,501,518	410,821	1,455,317	686,872	730,609	3,283,619	(217,899)	3,117,633
Employee Benefits	1,264,593	140,018	427,237	232,167	181,350	980,772	(283,821)	1,017,386
Taxes - Payroll	257,076	29,934	103,501	46,766	50,646	230,847	(26,229)	278,781
Fuel Expense	78,000	-	1,624	28,544	-	30,168	(47,832)	35,744
Truck Expense	43,200	-	-	28,029	-	28,029	(15,171)	36,477
Quality Control	125,000	-	137,137	-	-	137,137	12,137	67,399
Audit	28,000	-	-	-	23,205	23,205	(4,795)	19,793
Management Services	332,800	-	-	14,619	190,289	204,908	(127,892)	173,475
Postage	70,360	-	6,757	2	42,219	48,978	(21,382)	40,314
Engineering	177,000	-	-	-	-	-	(177,000)	-
Insurance	166,959	-	-	-	146,649	146,649	(20,310)	118,044
Miscellaneous	216,016	0	66,535	4,713	167,875	239,123	23,107	201,080
Publications	7,336	-	-	-	1,827	1,827	(5,509)	795
Dues and Subscriptions	107,280	-	-	-	38,925	38,925	(68,355)	33,877
Conservation	30,400	-	-	-	23,512	23,512	(6,888)	44,607
Janitor	35,200	-	-	-	26,696	26,696	(8,504)	23,381
Landscape Maintenance	72,000	-	-	-	49,567	49,567	(22,433)	61,508
Board of Directors	3,360	-	-	-	1,066	1,066	(2,294)	1,716
Education	26,472	1,150	9,133	2,228	14,072	26,583	111	32,666
Total Operating Expenses - Sanitation	$ 12,005,624	$ 766,354	$ 6,425,883	$ 1,548,884	$ 1,952,521	$ 10,693,642	$ (1,311,982)	$ 7,637,934

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – DISTRIBUTION AND COLLECTION
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2024)

		Actual						
	Annual Budget	Distribution and Collection	Development	Meter Reading	Fleet	Total 2025	Actual Over (Under) Budget	Total 2024
Power	$ 177,500	$ 27,407	$ -	$ -	$ -	$ 27,407	$ (150,093)	$ 31,784
Repair and Maintenance	880,000	571,720	41	208,440	160,942	941,143	61,143	644,329
Safety Equipment	175,000	-	-	-	19,124	19,124	(155,876)	2,317
Customer Service Materials	750,000	-	-	629,623	-	629,623	(120,377)	894,663
Small Tools and Equipment	30,000	12,425	-	-	18,228	30,653	653	28,249
Operating Supplies	99,500	30,918	24,909	15,450	184,604	255,881	156,381	191,072
Office Supplies	7,000	-	8,127	-	-	8,127	1,127	-
Shop Supplies	23,000	182		-	10,642	10,824	(12,176)	8,945
Uniforms	22,850	6,630	3,196	2,267	2,296	14,389	(8,461)	9,780
Utility - Gas	18,000	4,925	-	-	-	4,925	(13,075)	4,993
Salaries	3,151,971	981,420	779,598	492,511	388,287	2,641,816	(510,155)	2,625,572
Employee Benefits	1,323,577	310,645	258,055	191,370	132,880	892,950	(430,627)	968,313
Taxes - Payroll	229,652	72,082	49,863	31,337	26,588	179,870	(49,782)	246,667
Fuel Expense	150,000	-	-	-	109,785	109,785	(40,215)	113,845
Truck Expense	135,000	-	-	-	107,804	107,804	(27,196)	140,296
Management Services	40,000	-	56,226	-	-	56,226	16,226	63,429
Postage	500	(32)	41	-	-	9	(491)	48
Engineering	100,000	-	-	-	-	-	(100,000)	-
Miscellaneous	37,800	15,746	2,019	-	357	18,122	(19,678)	22,665
Publications	5,000	-	-	-	-	-	(5,000)	-
Dues and Subscriptions	100,000	-	-	-	-	-	(100,000)	-
Janitor	110,000	-	-	-	-	-	(110,000)	-
Landscape Maintenance	225,000	-	-	-	-	-	(225,000)	-
Education	21,500	3,097	4,519	170	783	8,569	(12,931)	6,068
Total Operating Expenses - Distribution and Collection	$ 7,812,850	$ 2,037,165	$ 1,186,594	$ 1,571,168	$ 1,162,320	$ 5,957,247	$ (1,855,603)	$ 6,003,035
Total Allocated to Water	$ 5,781,509	$ 1,507,502	$ 878,080	$ 1,162,664	$ 860,117	$ 4,408,363	$ (1,373,146)	$ 4,381,598
Total Allocated to Sanitation	2,031,341	529,663	308,514	408,504	302,203	1,548,884	(482,457)	1,539,480
Total	$ 7,812,850	$ 2,037,165	$ 1,186,594	$ 1,571,168	$ 1,162,320	$ 5,957,247	$ (1,855,603)	$ 5,921,078

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES COMPARED WITH BUDGET – ADMINISTRATION AND GENERAL
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2024)

		Actual							
	Budget	Management	Accounting and Finance	Information Technology	Environmental	General	Total 2025	Over (Under) Budget	Total 2024
Power	$ 32,000	$ -	$ -	$ -	$ -	$ -	$ -	$ (32,000)	$ -
Repair and Maintenance	221,500	-	-	324,643	-	48	324,691	103,191	252,533
Operating Supplies	301,500	2,700	144,921	89,633	-	-	237,254	(64,246)	184,288
Office Supplies	2,700	1,111	-	2,790	-	-	3,901	1,201	16,167
Leased Equipment	25,000	-	-	25,153	-	-	25,153	153	24,108
Uniforms	2,650	267	715	2,590	-	-	3,572	922	2,770
Telecommunications	500,000	-	-	391,652	-	-	391,652	(108,348)	397,219
Utility - Gas	15,000	-	-	-	-	29,212	29,212	14,212	25,777
Salaries	2,973,114	777,271	981,048	1,051,715	-	-	2,810,034	(163,080)	2,596,092
Employee Benefits	930,658	194,502	268,659	234,340	-	-	697,501	(233,157)	705,310
Taxes - Payroll	225,964	48,876	69,675	76,242	-	-	194,793	(31,171)	230,726
Water Supply	-	-	-	-	-	272,854	272,854	272,854	319,239
Audit	87,500	-	89,250	-	-	-	89,250	1,750	76,126
Management Services	1,000,000	278,599	153,469	299,814	-	-	731,882	(268,118)	603,782
Postage	210,000	-	162,380	-	-	-	162,380	(47,620)	149,419
Legal	-	-	-	-	-	405,737	405,737	405,737	443,320
Engineering	-	-	-	-	-	632,803	632,803	632,803	623,424
Insurance	521,748	-	-	-	-	564,036	564,036	42,288	454,016
Miscellaneous	474,750	16,195	4,565	-	-	624,915	645,675	170,925	581,796
Publications	8,550	-	-	-	-	7,028	7,028	(1,522)	3,056
Dues and Subscriptions	47,750	1,108	-	-	-	148,603	149,711	101,961	130,297
Water Rights Assessments	-	-	-	-	-	76,900	76,900	76,900	97,696
Conservation	95,000	-	-	-	-	90,429	90,429	(4,571)	171,566
Janitor	-	-	-	-	-	102,676	102,676	102,676	89,928
Landscape Maintenance	-	-	-	-	-	190,643	190,643	190,643	236,571
Board of Directors	10,500	4,100	-	-	-	-	4,100	(6,400)	6,600
Education	45,600	1,505	13,398	20,688	-	18,531	54,122	8,522	83,004
Total	$ 7,731,484	$ 1,326,234	$ 1,888,080	$ 2,519,260	$ -	$ 3,164,415	$ 8,897,989	$ 1,166,505	$ 8,504,830
Total Allocated to Water	$ 5,721,298	$ 981,413	$ 1,397,179	$ 1,864,252	$ -	$ 1,314,330	$ 6,945,468	$ 1,224,170	$ 6,679,330
Total Allocated to Sanitation	2,010,186	344,821	490,901	655,008	-	461,791	1,952,521	(57,665)	1,825,500
Total	$ 7,731,484	$ 1,326,234	$ 1,888,080	$ 2,519,260	$ -	$ 1,776,121	$ 8,897,989	$ 1,166,505	$ 8,504,830

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF BUDGET COMPARISON (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2025

	Water		Sanitation		General		Total	Total	Actual (Under) Over
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
REVENUES AND RECEIPTS									
Service Fees	$ 24,354,590	$ 28,281,283	$ 15,822,319	$ 20,670,067	$ -	$ -	$ 40,176,909	$ 48,951,350	$ 8,774,441
Pretreatment Rees	-	-	175,000	112,828	-	-	175,000	112,828	(62,172)
Hydrant Water	1,000,000	690,010	-	-	-	-	1,000,000	690,010	(309,990)
Water Softening Fee	1,623,785	1,559,897	-	-	-	-	1,623,785	1,559,897	-
Fireline Fees	275,000	422,398	-	-	-	-	275,000	422,398	147,398
Inclusion Fees	3,500	186,283	1,500	5,000	-	-	5,000	191,283	186,283
Leased Water	400,000	112,997	-	-	-	-	400,000	112,997	(287,003)
Turn on Charge	375,000	327,760	-	-	-	-	375,000	327,760	(47,240)
Tap-In Fees	450,000	519,768	125,000	81,191	-	-	575,000	600,959	25,959
Other Income	15,000	-	5,000	-	-	-	20,000	-	(20,000)
Contributions:									
Connection Fees	8,865,753	24,223,387	4,676,399	7,780,745	-	-	13,542,152	32,004,132	18,461,980
Taxes:									
Property	-	-	-	-	3,564,469	3,740,567	3,564,469	3,740,567	176,098
Other	-	-	-	-	155,000	185,056	155,000	185,056	30,056
Interest Income	1,655,295	4,341,479	670,779	2,228,225	-	-	2,326,074	6,569,704	4,243,630
Gain on Sale of Capital Asset	-	28,471	-	28,802	-	20,207	-	77,480	77,480
Grants	12,911,810	27,542,407	-	-	-	-	12,911,810	27,542,407	14,630,597
Miscellaneous	82,250	82,824	82,250	13,998	185,500	10,109,972	350,000	10,206,794	9,856,794
Total Revenues and Receipts	$ 52,011,983	$ 88,318,964	$ 21,558,247	$ 30,920,856	$ 3,904,969	$ 14,055,802	$ 77,475,199	$ 133,295,622	$ 55,884,311
EXPENDITURES, DISBURSEMENTS, AND TRANSFERS									
Operating Expenses	$ 27,471,446	$ 25,813,386	$ 12,782,839	$ 10,693,642	$ 7,731,484	$ -	$ 47,985,769	$ 36,507,028	$ (11,478,741)
Nonoperating Expenses	6,497,881	687,721	2,283,039	-	62,000	167,215	8,842,920	854,936	(7,987,984)
Debt Service Principal and Interest	6,851,983	5,902,807	2,407,453	2,603,473	-	-	9,259,436	8,506,280	(753,156)
Capital Expenditures	74,529,097	57,172,966	15,645,358	10,801,056	687,507	-	90,861,962	67,974,022	(22,887,940)
Transfers	-	(10,277,554)	-	(3,611,033)	-	13,888,587	-	-	-
Total Expenditures, Disbursements, and Transfers	$ 115,350,406	$ 79,299,326	$ 33,118,690	$ 20,487,138	$ 8,480,991	$ 14,055,802	$ 156,950,087	$ 113,842,266	$ (43,107,821)

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF BUDGET RECONCILIATION
YEAR ENDED DECEMBER 31, 2025

	Water	Sanitation	General
Revenues and Receipts			
Budget Basis Revenues and Receipts	$ 88,318,964	$ 30,920,856	$ 14,055,802
Allocate:			
General Fund Revenues	10,401,293	3,654,509	(14,055,802)
Budget Basis Revenues and Receipts	98,720,257	34,575,365	-
GAAP Basis Revenue and Receipts	$ 98,720,257	$ 34,575,365	$ -
GAAP Basis			
Operating Revenues	$ 32,100,396	$ 20,869,086	$ -
Nonoperating Revenues	66,619,861	13,706,279	-
Budget Basis Revenues and Receipts	$ 98,720,257	$ 34,575,365	$ -
Expenditures and Disbursements			
Budget Basis Expenditures and Disbursements	$ 79,299,328	$ 20,487,138	$ 14,055,802
Plus:			
Amortization Expense - Bonds	(106,085)	(37,273)	-
Depreciation Expense	11,768,693	5,436,674	-
Transfers	10,277,554	3,611,033	(13,888,587)
General Fund Treasurer's Fees	113,706	53,509	(167,215)
Less:			
Capital Expenditures	57,172,966	10,801,056	-
Principal Payments on Debt	3,722,621	2,374,633	-
GAAP Basis Expenditures and Disbursements	$ 40,457,609	$ 16,375,392	$ -
GAAP Basis			
Operating Expenses	$ 30,831,569	$ 13,982,838	$ -
Allocated Administrative and General Expenses	6,945,468	1,952,521	-
Nonoperating Expenses	2,680,572	440,033	-
Total Expenses	$ 40,457,609	$ 16,375,392	$ -

SINGLE AUDIT REPORT

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
South Adams County Water and Sanitation District
Commerce City, Colorado

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited South Adams County Water and Sanitation District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on South Adams County Water and Sanitation District's major federal program for the year ended December 31, 2025. South Adams County Water and Sanitation District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, South Adams County Water and Sanitation District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements*, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of South Adams County Water and Sanitation District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of South Adams County Water and Sanitation District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to South Adams County Water and Sanitation District's federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on South Adams County Water and Sanitation District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about South Adams County Water and Sanitation District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 South Adams County Water and Sanitation District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of South Adams County Water and Sanitation District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of South Adams County Water and Sanitation District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
June 16, 2026

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
South Adams County Water and Sanitation District
Commerce City, Colorado

We have audited, in accordance with the 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, the financial statements of South Adams County Water and Sanitation District (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the South Adams County Water and Sanitation District's basic financial statements, and have issued our report thereon dated June 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Adams County Water and Sanitation District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Adams County Water and Sanitation District's internal control. Accordingly, we do not express an opinion on the effectiveness of South Adams County Water and Sanitation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Board of Directors
South Adams County Water and Sanitation District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Adams County Water and Sanitation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
June 16, 2026

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

Federal Agency/Pass-through Agency	Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
U.S Environmental Protection Agency/Colorado Water Resources and Power Development Authority Drinking Water State Revolving Fund Cluster Capitalization Grants	Drinking Water State Revolving Funds	66.468	DL22F476	$ 10,851,567	$ -
U.S.Environmental Protection Agency/Colorado Department of Public Health and Environment	Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	66.442	2024*3749	$ 15,481,088	$ -
U.S. Environmental Protection Agency	Congressionally Directed Spending Community Grants	66.U01		$ 959,752	$ -
			Total	$ 27,292,407	$ -

See accompanying Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of South Adams County Water and Sanitation District (the District) under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ☐ yes ☒ no

   - Significant deficiency(ies) identified? ☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ☐ yes ☒ no

   - Significant deficiency(ies) identified? ☐ yes ☒ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ yes ☒ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
66.442	Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs.

Our audit did not disclose any matters required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

SECONDARY MARKET INFORMATION

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
HISTORICAL AND BUDGETED NET REVENUES AND PRO FORMA DEBT SERVICE COVERAGE
YEARS ENDED DECEMBER 31
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT COVERAGE)

	2020	2021	2022	2023	2024	2025	Budget 2026
Gross Revenues	$ 40,148	$ 42,026	$ 48,093	$ 50,768	$ 76,770	$ 87,236	$ 62,660
Operating and Maintenance Expenses (Excluding Depreciation)	21,687	23,653	28,462	30,551	32,070	36,507	39,117
Net Revenue	$ 18,461	$ 18,373	$ 19,631	$ 20,217	$ 44,700	$ 50,729	$ 23,543
Pro Forma Coverage of the Combined Maximum Annual Debt Service Requirements for the Series 2010, 2014 and 2018 Bonds and the SWRPDA Loans	2.39	2.12	2.34	2.49	5.50	6.24	3.75

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (GAAP BASIS)
YEARS ENDED DECEMBER 31

	2019	2020	2021	2022	2023	2024	2025
WATER OPERATIONS							
Operating Revenue	$ 21,588,389	$ 24,547,116	$ 26,622,018	$ 29,626,149	$ 24,828,316	$ 31,298,227	$ 32,100,396
Direct Water Expenses	13,290,278	13,856,641	16,124,557	21,274,265	24,102,319	28,550,742	30,831,569
Gross Income from Water Operations	8,298,111	10,690,475	10,497,461	8,351,884	725,997	2,747,485	1,268,827
SANITATION OPERATIONS							
Operating Revenue	13,767,728	14,581,422	15,020,914	15,783,006	17,245,147	19,167,508	20,869,086
Direct Sanitation Expenses	9,076,413	9,560,740	9,655,731	9,613,159	10,794,373	11,072,237	13,982,838
Gross Income from Sanitation Operations	4,691,315	5,020,682	5,365,183	6,169,847	6,450,774	8,095,271	6,886,248
GROSS INCOME FROM OPERATIONS	12,989,426	15,711,157	15,862,644	14,521,731	7,176,771	10,842,756	8,155,075
GENERAL AND ADMINISTRATIVE EXPENSES	5,069,537	5,337,270	5,384,495	6,853,580	8,116,792	8,504,830	8,897,989
NET INCOME (LOSS) FROM OPERATIONS	7,919,889	10,373,887	10,478,149	7,668,151	(940,021)	2,337,926	(742,914)
NONOPERATING REVENUES AND (EXPENSES)							
General Property Tax	2,432,218	2,612,013	2,750,272	3,014,287	3,372,247	3,756,734	3,740,567
Other Taxes	198,381	195,359	219,263	208,521	255,187	184,605	185,056
Net Investment Income	2,618,218	886,517	283,149	1,796,915	6,024,529	7,082,841	6,569,704
Gain (Loss) on Dissolution of Joint Venture	15,000	57,084	13,575	74,688	27,927	8,182	77,480
Miscellaneous	212,737	248,214	313,409	1,023,541	2,836,362	283,037	10,206,801
Interest Expense	(3,793,330)	(3,073,029)	(3,065,767)	(2,915,816)	(2,796,277)	(2,984,090)	(2,953,390)
Cost of Debt Issuance	-	(75,300)	-	-	-	-	-
Treasurer's Fees	(52,347)	(34,728)	(44,438)	(30,401)	(96,726)	(71,757)	(167,215)
Total Nonoperating Revenues and (Expenses)	1,630,877	816,130	469,463	3,171,735	9,623,249	8,259,552	17,659,003
INCOME BEFORE CAPITAL CONTRIBUTIONS	9,550,766	11,190,017	10,947,612	10,839,886	8,683,228	10,597,478	16,916,089
CAPITAL CONTRIBUTIONS							
Capital Grants	-	-	-	-	-	19,148,434	27,542,407
Tap Fees	2,332,049	2,969,296	1,723,287	1,104,498	979,161	1,307,563	813,104
Developer Contributions	12,946,447	14,159,716	17,483,641	14,767,662	22,257,129	14,126,264	21,603,281
System Development Fees	14,011,348	11,127,647	15,026,023	19,421,779	15,368,079	13,380,607	9,587,747
Total Capital Contributions	29,289,844	28,256,659	34,232,951	35,293,939	38,604,369	47,962,868	59,546,539
CHANGE IN NET POSITION	38,840,610	39,446,676	45,180,563	46,133,825	47,287,597	58,560,346	76,462,628
Net Position - Beginning of Year	493,879,771	532,720,381	572,167,057	617,347,620	663,481,445	710,769,042	769,329,388
NET POSITION - END OF YEAR	$ 532,720,381	$ 572,167,057	$ 617,347,620	$ 663,481,445	$ 710,769,042	$ 769,329,388	$ 845,792,016

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
REVENUES FROM WATER AND SEWER SERVICE CHARGES
YEARS ENDED DECEMBER 31

Revenues from Water Service Charges

Year	Consumption (Thousands of Gallons)	Revenues from Metered Water Service Charges
2019	3,173,847	$ 19,489,826
2020	3,515,284	22,291,695
2021	3,342,714	21,188,256
2022	3,402,154	23,718,221
2023	3,061,080	21,029,350
2024	3,733,545	26,866,739
2025	3,772,503	28,281,283

Revenues from Sewer Service Charges

Year	Consumption (Thousands of Gallons)	Revenues from Metered Sewer Service Charges
2019	3,173,847	$ 13,431,063
2020	3,515,284	14,320,896
2021	3,342,714	14,738,399
2022	3,402,154	15,490,575
2023	3,061,080	17,021,031
2024	3,733,545	18,877,632
2025	3,772,503	20,670,067

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
COMPARISON OF FISCAL YEAR 2025 AND 2025 BUDGET TO FISCAL YEAR 2025 ACTUAL RESULTS OF OPERATIONS
BUDGETARY BASIS

	2025			2026
	Adopted Budget	Actual	Over (Under) Budget	Adopted Budget
WATER OPERATIONS				
Operating Revenue	$ 33,509,346	$ 32,100,396	$ (1,408,950)	$ 32,717,021
Direct Water Expenses	27,471,446	18,867,918	(8,603,528)	27,039,786
Gross Income from Water Operations	6,037,900	13,232,478	7,194,578	5,677,235
SANITATION OPERATIONS				
Operating Revenue	21,210,444	20,869,086	(341,358)	21,032,881
Direct Sanitation Expenses	12,782,839	8,741,121	(4,041,718)	12,077,094
Gross Income from Sanitation Operations	8,427,605	12,127,965	3,700,360	8,955,787
GROSS INCOME FROM OPERATIONS	14,465,505	25,360,443	10,894,938	14,633,021
GENERAL AND ADMINISTRATIVE EXPENSES	7,731,484	8,897,989	1,166,505	7,809,876
NET INCOME FROM OPERATIONS	6,734,021	16,462,454	9,728,433	6,823,145
NONOPERATING REVENUES				
General Property Tax	3,692,077	3,740,567	48,490	4,589,782
Other Taxes	175,000	185,056	10,056	155,000
Net Investment Income	4,000,000	6,569,704	2,569,704	4,000,000
Gain on Sale of Capital Asset	-	77,480	77,480	-
Miscellaneous	165,000	10,206,794	10,041,794	165,000
Total Nonoperating Revenues	8,032,077	20,779,601	12,747,524	8,909,782
NONOPERATING EXPENSES				
Interest Expense	2,800,000	2,953,390	153,390	2,800,000
Treasurer's Fees	62,000	167,215	105,215	62,000
Nonoperating Expenses	-	687,721	687,721	-
Total Nonoperating Expenses	2,862,000	3,808,326	946,326	2,862,000
INCOME BEFORE CAPITAL CONTRIBUTIONS	11,904,098	33,433,729	21,529,631	12,870,927
CAPITAL CONTRIBUTIONS				
Tap Fees	5,385,874	813,104	(4,572,770)	5,508,594
Developer Contributions	-	21,603,281	21,603,281	-
System Development Fees	9,337,458	9,587,747	250,289	9,552,218
Total Capital Contributions	14,723,332	32,004,132	17,280,800	15,060,812
Capital Expenditures	60,861,962	67,974,022	7,112,060	72,535,684
Capital Expenditures/Bond Fund	30,000,000	-	(30,000,000)	17,000,000
Intergovernmental Payments	5,980,920	-	(5,980,920)	-
Debt Service	9,259,436	5,552,890	(3,706,546)	7,408,627
Total Capital Expenditures	106,102,318	73,526,912	(32,575,406)	96,944,311
SPECIAL ITEMS				
Grant/Loan Proceeds	30,000,000	27,542,407	-	17,000,000
Total Special Items	30,000,000	27,542,407	-	17,000,000
NET INCREASE (DECREASE) IN FUNDS	(49,474,888)	19,453,356	71,385,837	(52,012,572)
Funds Available - Beginning of Year	78,000,000	53,237,725	24,762,275	87,500,000
FUNDS AVAILABLE - END OF YEAR	$ 28,525,112	$ 72,691,081	$ 96,148,112	$ 35,487,428

SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT
GOVERNMENTAL AND ENTERPRISE ACTIVITY
FISCAL YEAR 2025 ACTUAL RESULTS OF OPERATIONS
BUDGETARY BASIS

	General Government Fund	Enterprise Fund	Total
OPERATING REVENUES			
General Property Tax	$ 3,740,567	$ -	$ 3,740,567
Other Taxes	185,056	-	185,056
Metered Water Fees	-	28,281,283	28,281,283
Softening Fees	-	1,559,897	1,559,897
Sewer Service Fees	-	20,670,067	20,670,067
Pretreatment Fees	-	112,828	112,828
Fireline Fees	-	422,398	422,398
Inclusion Fees	-	191,283	191,283
Leased Water	-	112,997	112,997
Turn on Charge	-	327,760	327,760
Tap-In Fees	-	600,959	600,959
Hydrant Water	-	690,010	690,010
Total Operating Revenues	3,925,623	52,969,482	56,895,105
OPERATING EXPENSES			
Source of Supply	-	8,552,350	8,552,350
Treatment	-	5,907,205	5,907,205
Transmission	-	766,354	766,354
Treatment	-	6,425,883	6,425,883
Distribution and Collection	-	2,037,165	2,037,165
Development	-	1,186,594	1,186,594
Meter Readers	-	1,571,168	1,571,168
Management	344,821	981,413	1,326,234
Administration	490,901	1,397,179	1,888,080
Information Technology	655,008	1,864,252	2,519,260
General	1,162,320	3,164,415	4,326,735
Total Operating Expenses	2,653,050	33,853,978	36,507,028
NET INCOME FROM OPERATIONS	1,272,573	19,115,504	20,388,077
OTHER REVENUES			
Developer Contributions	-	21,603,281	21,603,281
System Development and Tap Fees	-	10,400,851	10,400,851
Net Investment Income	1,708,123	4,861,581	6,569,704
Miscellaneous	2,673,907	7,610,367	10,284,274
Total Other Revenues	4,382,030	44,476,080	48,858,110
TOTAL NET REVENUES	5,654,603	63,591,584	69,246,187
OTHER EXPENSES			
Nonoperating Expenses	167,215	-	167,215
Bonded Indebtedness	-	5,552,890	5,552,890
Total Capital Outlay	-	67,974,022	67,974,022
Total Other Expenses	167,215	73,526,912	73,694,127
BALANCE	$ 5,487,388	$ (9,935,328)	$ (4,447,940)

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