St. Mary's Glacier Water and Sanitation District
Idaho Springs, Colorado

FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Mary's Glacier Water and Sanitation District
Idaho Springs, Colorado

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the St. Mary's Glacier Water and Sanitation District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the St. Mary's Glacier Water and Sanitation District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the St. Mary's Glacier Water and Sanitation District, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the St. Mary's Glacier Water and Sanitation District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- 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 St. Mary's Glacier Water and Sanitation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the St. Mary's Glacier Water and Sanitation District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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. I 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. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion is not affected by this missing information.

Lance McMahon, CPA

Lance McMahon, CPA

Divide, Colorado
July 24, 2026

Basic Financial Statements

St. Mary's Glacier Water and Sanitation District
Statement of Net Position
December 31, 2025

	Governmental Activities	Business Type Activities	Totals
Assets			
Current Assets			
Cash and Cash Equivalents	$ 81,996	$ 65,216	$ 147,212
User Accounts Receivable	-	139,699	139,699
Certified User Account Receivable	-	29,267	29,267
Property Taxes Receivable	68,276	-	68,276
Grant Receivables	-	37,303	37,303
Loan Accounts Receivable	-	69,023	69,023
Loan Receivable Other	-	6,709	6,708
Other Receivables	286	-	287
Prepaid Expenses	-	9,352	9,352
Total Current Assets	150,558	356,569	507,127
Noncurrent Assets			
Capital Assets			
Nondepreciable	-	133,912	133,912
Depreciable	-	10,431,412	10,431,412
Total Capital Assets	-	10,565,324	10,565,324
Less accumulated depreciation	-	(3,960,256)	(3,960,256)
Net Capital Assets	-	6,605,068	6,605,068
Total Noncurrent Assets	-	6,605,068	6,605,068
Total Assets	$ 150,558	$ 6,961,637	$ 7,112,195
Liabilities			
Current Liabilities			
Accounts Payable	-	98,041	98,041
Accrued Expenses	-	398	398
Long-term debt - current portion	-	66,585	66,585
Total Current Liabilities	-	165,024	165,024
Noncurrent Liabilities			
Long-term debt	$ -	1,554,396	1,554,396
Total Long Term Liabilities	-	1,554,396	1,554,396
Total Liabilities	-	1,719,420	1,719,420
Defered Inflows of Resources			
Deferred Property Tax Revenues	68,276	-	68,276
Total Defered Inflows of Resources	68,276	-	68,276
Net Position			
Net Investment in capital assets	-	4,984,087	4,984,087
Restricted	1,500	-	1,500
Unrestricted	80,782	258,130	338,912
Total Net Position	$ 82,282	$ 5,242,217	$ 5,324,499

The accompanying notes are an integral part of these financial statements

St. Mary's Glacier Water and Sanitation District
Statement of Activities
For the Year Ended December 31, 2025

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-type Activities	Net (Expense) Revenue and Change in Net Position: Total
Primary government						
Governmental activities:						
General government	$ 51,984	$ 95,680	$ -	$ 43,696	$ -	$ 43,696
Total Governmental Activities	51,984	95,680	95,680	43,696	-	43,696
Business-type activities:						
Water and Sewer Operations	1,094,874	1,014,399	9,701	-	(70,774)	(70,774)
Total Business-Type Activities	1,094,874	1,014,399	9,701	-	(70,774)	(70,774)
TOTAL PRIMARY GOVERNMENT	$ 1,146,858	$ 1,110,079	$ 105,381	43,696	(70,774)	(27,078)
General Revenues						
Property Taxes				65,420	-	65,420
Specific Ownership Taxes				4,296	-	4,296
Interest on Delinquent Taxes				1,756	-	1,756
Other				1,799	-	1,799
Total General Revenues				73,271	-	73,271
Change in Net Position				116,967	(70,774)	46,193
Net Position - Beginning				32,567	5,245,739	5,278,306
Reclassify Beginning Fund Balances				(67,252)	67,252	-
Net Position - Ending				$ 82,282	$ 5,242,217	$ 5,324,499

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

St. Mary's Glacier Water and Sanitation District
Balance Sheet
Governmental Funds
December 31 2025

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	$ 15,730	$ 66,266	$ 81,996
Property Taxes Receivable	68,276	-	68,276
Other Receivables	286	-	286
Total Assets	$ 84,292	$ 66,266	$ 150,558
Defered Inflows of Resources			
Deferred Property Tax Revenues	$ 68,276	$ -	$ 68,276
Total Defered Inflows of Resources	68,276	-	68,276
Fund Balances			
Restricted for Emergencies	1,500	-	1,500
Unassigned	14,516	66,266	80,782
Total Fund Balance	16,016	66,266	82,282
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 84,292	$ 66,266	$ 150,558

The accompanying notes are an integral part of these financial statements

St. Mary's Glacier Water and Sanitation District
Statement of Revenues Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Availability of Service Fees	$ -	$ 87,634	$ 87,634
AOS Late Charges	-	2,430	2,430
Interest Income	-	5,616	5,616
Total Revenues	-	95,680	95,680
Expenditures			
Audit	8,500	-	8,500
Elections	2,960	-	2,960
Legal Expense	28,364	-	28,364
Office Supplies and Miscellaneous	7,553	-	7,553
County Treasurer Fees	1,767	-	1,767
2023 DOLA Loan - Interest	-	2,840	2,840
Total Expenditures	49,144	2,840	51,984
Nonoperating Revenues (Expenditures)			
Property Taxes	65,420	-	65,420
Specific Ownership Taxes	4,296	-	4,296
Interest on Delinquent Taxes	1,756	-	1,756
Other Inome	1,799	-	1,799
Total Nonoperating Revenues (Expenditures)	73,271	-	73,271
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,127	92,840	116,967
Reclassify Beginning Fund Balances	(40,678)	(26,574)	(67,252)
Fund Balance, beginning of year	32,567	-	32,567
Fund Balance, end of year	$ 16,016	$ 66,266	$ 82,282

See Budgetary Comparison Schedule for presentation of 2025 debt principal payments totaling $66,514.

The accompanying notes are an integral part of these financial statements

St. Mary's Glacier Water and Sanitation District
Statement of Net Position - Proprietary Fund
December 31, 2025

	BusinessType Activities
Assets	
Current Assets	
Cash and Cash Equivalents	$ 65,216
User Accounts Receivable	139,699
Certified User Account Receivable	29,267
Grant Receivables	37,303
Loan Accounts Receivable	69,023
Loan Receivable Other	6,709
Prepaid Expenses	9,352
Total Current Assets	356,569
Noncurrent Assets	
Capital Assets	
Nondepreciable	133,912
Depreciable	10,431,412
Total Capital Assets	10,565,324
Less accumulated depreciation	(3,960,256)
Net Capital Assets	6,605,068
Total Noncurrent Assets	6,605,068
Total Assets	6,961,637
Liabilities	
Current Liabilities	
Accounts Payable	98,041
Accrued Expenses	398
Long-term debt - current portion	66,585
Total Current Liabilities	165,024
Long Term Liabilities	
Long-term debt	1,554,396
Total Long Term Liabilities	1,554,396
Total Liabilities	1,719,420
Net Position	
Net Investment in capital assets	4,984,087
Unrestricted	258,130
Total Net Position	$ 5,242,217

The accompanying notes are an integral part of these financial statements

St. Mary's Glacier Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the year Ended December 31, 2025

	Business-Type Activities
Operating Revenues	
User Fees and Surcharges	$ 828,734
Tap Fees	159,400
Late Charges and Interest	1,803
Administrative Transfer Fees	20,200
Miscelleaneous Revenue	4,262
Total Operating Revenues	1,014,399
Operating Expenses	
General and Adminstrative	320,718
Operations and Maintenance	572,440
Depreciation and amortization	201,716
Total Operating Expenses	1,094,874
Operating Loss	(80,475)
Nonoperating Revenues (Expenses)	
Grant Income	9,701
Total Nonoperating Revenues (Expenses)	9,701
Change in Net Position	(70,774)
Reclassify Beginning Fund Balance/Net Position	67,252
Net Position, beginning of year	5,245,739
Net Position, end of year	$ 5,242,217

The accompanying notes are an integral part of these financial statements

St. Mary's Glacier Water and Sanitation District
Statement of Cash Flows
Proprietary Fund
For the year Ended December 31, 2025

Cash Flows From Operating Activities	
Cash received from customers	$ 1,002,641
Cash paid for goods and services	(870,961)
Net cash provided (used) by operating activities	131,680
Cash Flows From Capital and Related Financing Activities	
Acquisitions and construction of capital assets	(146,649)
Principal paid on long-term debt	(66,514)
Interest paid on long-term debt	(2,840)
Net cash provided (used) in capital and related financing activities	(216,003)
Net Increase (decrease) in cash and cash equivalents	(84,323)
Cash and cash equivalents, beginning of year	149,539
Cash and cash equivalents, end of year	$ 65,216
Reconciliation of Operating Income (Loss) to Net Cash provided (Used) by Operating Activities	
Operating Loss	$ (80,475)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities	
Depreciation and amortization	201,716
Changes in assets and liabilities	
Accounts receivable	(69,328)
Prepaid expenses	23,794
Accounts payable	68,092
Deferred revenue	(11,784)
Other accrued liabilities	(335)
Net Cash Provided (Used) by Operating Activities	$ 131,680

The accompanying notes are an integral part of this statement

Note 1 - Summary of Significant Accounting Policies

The St. Mary's Glacier Water and Sanitation District (The "District") operates under the regulations pursuant to the Colorado Revised Statutes that designate a Board of Directors to act as the governing authority. The District's primary function is to provide water and sanitary sewer services to the residents of Clear Creek County, Colorado. The majority of the District's operations and administrative functions are provided through contract service arrangements.

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District. Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which are primarily supported by property taxes, specific ownership taxes, and availability of service fees, are reported separately from business-type activities, which rely primarily on user charges and fees for services.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied, net of amounts reported as deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Separate fund financial statements are provided for the District's governmental and proprietary funds. Major individual governmental funds and the major enterprise fund are presented in separate columns.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days after year-end.

Note 1 - Summary of Significant Accounting Policies (continued)

Expenditures generally are recognized when the related fund liability is incurred, except for long-term obligations, which are recognized when payment is due.

The proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. Operating revenues and expenses generally result from providing water and sanitation services to customers. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities and Fund Balance/Net Position

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable consist primarily of water and sanitation user charges, property taxes receivable, grants receivable, and other miscellaneous receivables. Delinquent utility accounts may be certified to the Clear Creek County Treasurer for collection and may become liens against the related properties in accordance with Colorado law. Management evaluates outstanding receivables for collectability at each year-end. Based on that evaluation, management determined that no material allowance for uncollectible accounts was required at December 31, 2025.

Prepaid Items

Certain payments to vendors represent costs applicable to future reporting periods and are recorded as prepaid items.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities and are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets with an individual cost of $5,000 or more and an estimated useful life greater than one year are capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset	Useful Life -
Water system infrastructure	20–35 years
Wastewater infrastructure	45 years
Office and field equipment	3–10 years

Routine maintenance and repairs are charged to expense as incurred. Expenditures that significantly increase asset values or extend useful lives are capitalized.

Note 1 - Summary of Significant Accounting Policies (continued)

Long-Term Liabilities

Long-term liabilities are reported in the government-wide Statement of Net Position and the proprietary fund financial statements. Current maturities are reported as current liabilities.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets and liabilities, the financial statements may report deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of net position applicable to future reporting periods, while deferred inflows represent the acquisition of net position applicable to future reporting periods.

Property Taxes

Property taxes are levied in one year for collection in the following year. Property taxes are recognized as receivables when levied and are reported as deferred inflows of resources in the governmental fund financial statements until they become available. Property taxes become an enforceable lien on January 1 of the year for which they are levied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Net Position

Net position is reported in three categories:

Net investment in capital assets
Restricted
Unrestricted

Net investment in capital assets consists of capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of resources whose use is externally restricted by creditors, grantors, contributors, laws, or constitutional provisions.

Unrestricted net position consists of all remaining resources.

Fund Balance

Governmental fund balances are classified in accordance with GASB Statement No. 54 as nonspendable, restricted, committed, assigned, or unassigned.

The District's General Fund reports restricted fund balance for TABOR emergency reserves. Any remaining fund balance is reported as unassigned. When expenditures are incurred for purposes for which both restricted and unrestricted resources are available, restricted resources are considered to have been spent first.

Note 1 - Summary of Significant Accounting Policies (continued)

Risk Management

The District is exposed to various risks of loss related to torts, theft of or damage to assets, errors and omissions, and natural disasters. These risks are covered through the purchase of commercial insurance. Settled claims have not exceeded insurance coverage during the past three years.

Note 2 - Budgetary Information

The District adopts an annual budget in accordance with the Colorado Local Government Budget Law. On or before October 15, management submits a proposed budget to the Board of Directors for the fiscal year beginning the following January 1. The proposed budget includes estimated revenues, expenditures, and other financing sources and uses. After providing public notice and conducting a public hearing, the Board of Directors adopts the budget, appropriates expenditures, and certifies the property tax mill levy, if applicable, on or before December 15. The budget may be amended during the year by formal action of the Board. Expenditures may not legally exceed appropriations at the fund level. Budgeted amounts presented in the accompanying financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year-end.

Note 3 – Deposits and Investments

At December 31, 2025, the District's deposits and investments consisted of the following:

Cash and Cash Equivalents	$ 80,946
Investments - Liquid Asset Trust	66,266
Total Deposits	$ 147,212

Colorado law requires local governments to deposit public funds only in eligible public depositories insured by the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of FDIC insurance limits must be collateralized in accordance with the Colorado Public Deposit Protection Act (PDPA). Under PDPA, eligible collateral is pledged by each financial institution and maintained in a single collateral pool to protect all uninsured public deposits. The market value of the collateral pool must equal at least 102 percent of uninsured public deposits. At December 31, 2025, the District's carrying amount of deposits was $147,212, and the corresponding bank balance was $141,876. The District believes its deposits were either insured by the FDIC or protected by collateral pledged under PDPA.

Investments

Colorado statutes authorize local governments to invest in obligations of the United States Government, certain U.S. Government agencies, local government investment pools, repurchase agreements, certain money market funds, and other investments authorized by State law. At December 31, 2025, the District's investments consisted entirely of the Colorado Government Liquid Asset Trust (ColoTrust) in the amount of $66,266. ColoTrust is an investment vehicle established for Colorado local governments and is regulated by the Colorado Securities Commissioner. At December 31, 2025, ColoTrust carried a rating of AAAm by S&P Global Ratings. ColoTrust is measured at the net asset value (NAV) per

share, which is designed to approximate $1.00 per share. The District's investment in ColoTrust is therefore reported at fair value based on the published NAV.

Interest Rate Risk

The District does not have a formal investment policy limiting investment maturities. The District follows the investment requirements of Colorado statutes.

Credit Risk

Colorado statutes limit the types of investments local governments may hold. At December 31, 2025, the District's only investment was ColoTrust, which was rated AAAm by S&P Global Ratings.

Note 4 - Availability of Service Fees

The District assesses an annual Availability of Service ("AOS") fee on properties located within the District that are not connected to the District's water distribution system but are located within 100 feet of an existing water main. For the year ended December 31, 2025, the annual AOS fee was $200 per qualifying property. In 2026, the District increased the annual AOS fee to $620. Revenues generated from these fees are pledged for the payment of principal and interest on the District's outstanding water system debt.

Note 5 – Related Party Transactions

A member of the District’s Board of Directors owns a development entity with property located within the District. Because of this relationship, transactions between the District and the development entity constitute related-party transactions under GASB 62.
The District entered into a cost-recovery arrangement with the development entity for the construction of water and wastewater main line improvements necessary to extend utility service to the developer’s property and other benefiting properties within the District. Under the arrangement, the development entity is responsible for all design and construction costs and, upon completion, will dedicate the completed facilities to the District for perpetual ownership and maintenance.

The arrangement permits the District to reimburse the development entity for eligible construction costs, not to exceed $400,000, solely from cost-recovery fees or designated portions of facilities improvement fees collected from benefiting properties that connect to the District’s system during the reimbursement period ending September 1, 2042. The arrangement specifies that the District has no obligation to make payments from its general revenues and is not required to incur debt to satisfy any reimbursement obligation. Accordingly, the District’s financial exposure is limited to the availability of cost-recovery revenues generated from benefiting properties.

Note 6 - Compensated absences

The District provides paid vacation leave to its employee in accordance with its personnel policies. Vacation leave may be accumulated subject to the limitations established by the District's personnel policies. At December 31, 2025, management determined that any liability for accumulated compensated absences was not material to the financial statements. Accordingly, no liability for compensated absences has been recorded.

Note 7 – Capital Assets

Capital Assets activity for the year ended December 31, 2025, is summarized below.

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Nondepreciable				
Land	$ 20,937	$ -	$ -	$ 20,937
Construction in progress	4,353,474	112,975	4,353,474	112,975
Total Nondepreciable	4,374,411	112,975	4,353,474	133,912
Depreciable				
Buildings	17,192	-	-	17,192
Infrastructure				
Water System	3,694,304	4,004,567	-	7,698,871
Waste Water System	2,535,410		-	2,535,410
Office and Field Equipment	146,265	33,674	-	179,939
Total Depreciable	6,393,171	4,038,241	-	10,431,412
TOTAL	10,767,582	4,151,216	4,353,474	10,565,324
Less Accumulated Depreciation				
Buildings	11,686	442	-	12,128
Infrastructure				
Water System	1,855,028	138,187	-	1,993,215
Waste Water System	1,745,570	56,343	-	1,801,913
Office and Field Equipment	146,265	6,735	-	153,000
Total Accumulated Depreciation	3,758,549	201,707	-	3,960,256
Total Capital Assets, depreciated, Net	2,634,622	3,836,534	-	6,471,156
Business-Type Activites -				
Capital Assets, Net	$ 7,009,033	$ 3,949,509	$ 4,353,474	$ 6,605,068

During 2025, management completed a comprehensive reconstruction and reconciliation of the District's historical capital asset records. As a result of this effort, certain capital asset additions and transfers have been adjusted to reflect management's best estimate of historical capital asset activity based on the available records. Accordingly, certain additions and transfers presented in the capital asset schedule include the effects of this reconstruction and are not intended to represent only current-year capital asset activity.

The reconstruction primarily relates to significant water system improvements financed by the Colorado Water Resources and Power Development Authority (CWRPDA). The initial 2018 CWRPDA loan financed multiple capital projects, including the rehabilitation of Well No. 3 to restore regulatory compliance as a groundwater source under the direct influence of surface water (GWUDI), upgrades to Well No. 5 to improve service to the Alice area, and improvements to the Winterland water storage tank and booster pump station. In 2023, the District obtained an additional $500,000 CWRPDA loan to fund unforeseen construction cost increases resulting primarily from inflationary impacts and changes in engineering services. Construction was substantially completed during 2024; however, as of December 31, 2025, project closeout activities remained in progress. The District is completing the remaining closeout requirements.

Note 8 – Long-Term Debt

The District's long-term obligations at December 31, 2025 consist of loans payable to the Colorado Water Resources and Power Development Authority (CWRPDA) through the Drinking Water Revolving Fund (DWRF). The loans were issued to finance improvements to the District's water production and distribution system.

Changes in long-term debt during the year are summarized as follows:

Business-Type Activities	Balance 12/31/2024	Additions	Reductions	Prior Period Adjustment *	Balance 12/31/2025	Due Within One Year
2018 CWRPDA	$ 1,678,304	$ -	$ 60,847	$ (187,542)	$ 1,429,915	$ 60,847
2023 CWRPDA	196,733	-	5,667	-	191,066	5,738
	$ 1,875,037	$ -	$ 66,515	$ (187,542)	$ 1,620,981	$ 66,586

* - Prior auditor incorrectly reflected the December 31 2022 Long-term debt balances in the 2024 audit report.

2018 Drinking Water Revolving Fund Construction Loan

In December 2018, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) under the Drinking Water Revolving Fund to finance construction of water system improvements, including a new well, rehabilitation of an existing well, and related distribution system improvements. The loan bears interest at 0.00% and is payable in semiannual installments of principal beginning in accordance with the loan agreement. Repayment is secured by a pledge of the revenues designated in the loan agreement. The loan agreement requires the District to meet a rate covenant and an operations and maintenance reserve balance. The loan agreement also provides for principal forgiveness, subject to the terms and conditions established by CWRPDA. Principal forgiveness awarded under the program reduces the amount ultimately repayable by the District in accordance with the loan agreement.

2023 Drinking Water Revolving Fund Disadvantaged Communities Direct Loan

In March 2023, the District entered into a second loan agreement with CWRPDA under the Drinking Water Revolving Fund Supplemental Disadvantaged Communities Program to finance additional water system improvements. The loan bears interest at 1.25% and is payable in semiannual installments through final maturity. The agreement provides for principal forgiveness, subject to satisfaction of program eligibility requirements and applicable loan provisions. The loan is secured in accordance with the provisions of the loan agreement.

Future Debt Service Requirements:

Future debt service requirements are as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 66,586	$ 2,370	$ 68,956
2027	66,658	2,299	68,957
2028	66,730	2,226	68,956
2029	66,804	2,152	68,956
2030	66,879	2,077	68,956
2031-2035	335,548	9,232	344,780
2036-2040	337,561	7,220	344,781
2041-2044	271,584	4,239	275,823
2044-2053	306,658	4,158	310,816
Total	$ 1,585,008	$ 35,973	$ 1,620,981

Note 9 – Commitments and Contingencies

Vidler Water Agreement

The District has a long-term agreement with the Vidler Tunnel Water Company to purchase 25 acre-feet of water annually in perpetuity. The agreement was originally executed in 1974 and was amended in 1994. Under the amended agreement, the annual payment is subject to an escalation based on the U.S. City Average Consumer Price Index for All Urban Consumers (CPI-U), as published by the U.S. Bureau of Labor Statistics. For the year ended December 31, 2025, the District incurred expense of $6,601 under this agreement.

Operations and Maintenance Agreement

Effective January 1, 2025, the District entered into a Professional Services Agreement with ORC Water Professionals, Inc. for certified operator and operations and maintenance services for the District's water treatment, distribution, wastewater treatment, and collection systems. The agreement extends through December 31, 2027. Under the agreement, ORC Water Professionals serves as the District's Operator in Responsible Charge (ORC) in accordance with Colorado Department of Public Health and Environment regulations and provides operational oversight, regulatory compliance services, compliance sampling, reporting, and related maintenance activities.
The agreement provides for a base monthly operations and maintenance fee of $14,400, which includes routine operations, travel, mileage, and regulatory compliance services. Additional services, laboratory analyses, chemicals, materials, and other reimbursable expenses are billed separately in accordance with the contract rate schedule. The agreement also permits adjustments to the monthly service fee for significant regulatory changes affecting operating costs.

Construction Contract

The District entered into a construction contract for capital improvements dated July 23, 2020 that was amended six times during the course of the project. As of December 31, 2025, certain work under the contract had not been completed by the contractor, and the District withheld approximately $201,135.52 in retainage. The District’s position is that the contractor has not fulfilled its contractual obligations, and, accordingly, no liability has been recorded in the accompanying financial statements. The ultimate resolution of this matter, if any, cannot presently be determined.

Note 10 – Lease and License Agreements

License Agreement – Silver Lake and Lake Quivera

On November 15, 2005, the District entered into a License Agreement with the St. Mary’s Property Owners Association (“POA”) granting the POA permission to conduct recreational activities on Silver Lake and Lake Quivera, both of which are owned by the District and form an integral part of the District’s water supply system. The agreement provides for a 20-year initial term, with the option for extension upon mutual written agreement. Under the agreement, the POA pays the District an annual license fee of $1.00, due on the first business day of each calendar year. The POA is required to ensure that recreational activities do not adversely affect the quality or quantity of the District’s water supply. As stated in the agreement, “the POA acknowledges and agrees that since

the Lakes are an integral part of the District's water system, the POA will not permit recreational uses…which could adversely affect the quality or quantity of the water." The POA must also indemnify the District against third-party claims arising from POA activities. The District retains the right to suspend or terminate the license under certain conditions, including breach or imminent threat to the water supply.

Under GASB 87, Leases, this arrangement does not meet the definition of a lease because the POA receives permission to use District-owned water assets for recreational purposes, but no right-to-use asset is conveyed and no exchange or exchange-like transaction exists. Accordingly, no lease receivable or deferred inflow of resources is recognized, and the District reports the annual license fee as revenue when received.

Use Agreement – Metro Building

The District occupies office space in the Metro Building located at 463 Silver Creek Road, Idaho Springs, Colorado, pursuant to a use agreement with the St. Mary's Glacier Metropolitan District. The original written agreement became effective January 1, 2015, required annual payments of $3,000 payable in quarterly installments of $750, and assigned responsibility for electric and propane utilities to the Metropolitan District, while the Water and Sanitation District was responsible for insuring its personal property. Although the original written agreement expired on December 31, 2015, the parties have continued to operate under substantially the same terms. District management has confirmed that a renewed agreement is being finalized to document the continuing arrangement.

The arrangement qualifies as a short-term lease under GASB 87 because the noncancelable term does not exceed 12 months and does not include renewal options. Accordingly, lease payments are recognized as expense as incurred, and no lease liability or right-to-use asset is recorded.

Small Communities Grant

In June 2023, the District entered into an Intergovernmental Agreement with the Colorado Department of Public Health and Environment (CDPHE) under the Small Communities Grant Program to provide financial assistance for a portion of the District's Long-Term Replacement Plan. The grant provides reimbursement of eligible project costs up to a maximum award of $248,674 over the period beginning July 1, 2023, through June 30, 2028. Grant funds are provided on a cost-reimbursement basis. Accordingly, the District recognizes grant revenue as eligible expenditures are incurred and reimbursement becomes available under the terms of the agreement. Any eligible expenditures incurred in excess of reimbursements received may be reported as grants receivable until reimbursement is received, subject to the terms and conditions of the agreement.

The grant is being used to replace aging gate valves throughout the District's water distribution system to improve system reliability and reduce water loss. As of December 31, 2025, the District had replaced approximately 15 gate valves under the program and expects to continue replacing additional valves as grant funds remain available. Management expects the project to continue through the grant period.

Note 11 – Tax, Spending, and Debt Limitation

Article X, section 20 of the Colorado Constitution, the Taxpayers Bill of Rights (Tabor) contains several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The district believes it is in compliance with the requirements of TABOR. The District has created a Water statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution.

Note 12 – Use of Estimates

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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Significant estimates used in preparing the accompanying financial statements include the estimated useful lives of capital assets, depreciation expense, the collectability of accounts receivable, and the valuation of capital assets.

Note 13 – Debt Service Fund Presentation and Reclassification of Beginning Balances

Effective January 1, 2025, the District changed its fund presentation to separately report debt service activity in a Debt Service Fund rather than including those activities within the Enterprise Fund. Accordingly, beginning fund balances and net position were reclassified to conform to the current-year presentation. The reclassification totaled $67,252 and represents a change in financial statement presentation only. The reclassification had no effect on the District's total beginning net position, total fund balance, results of operations, or cash flows.

During 2025, the District made principal payments of $66,515 on its 2018 and 2023 DOLA loans. Because the Debt Service Fund was established during the current year, these principal payments are disclosed in the Budgetary Comparison Schedule. In the government-wide financial statements, the payments are reflected as reductions of long-term debt rather than as expenses.

Note 14 – Subsequent Event
Commercial Loan Financing

In May 2026, the District's Board of Directors approved a resolution and related financing documents authorizing a commercial loan in an amount not to exceed $1,000,000. The proposed financing is intended to provide interim funding for Phase D1 planning, engineering, and compliance activities pending future State Revolving Fund financing. The financing documents considered by the Board included provisions related to parity lien requirements associated with the District's existing Colorado Water Resources and Power Development Authority loans, assignment of deposit accounts, and assignment of availability of service fees. The Board's approval was subject to final completion of the financing documents on terms substantially consistent with those presented to the Board.

Note 15 – CWRPDA Loan Covenants

According to the loan agreements with the Colorado Water Resources and Power Development Authority St. Mary's Glacier Water and Sanitation District is required to establish rates, fees, and charges sufficient to cover - 1. All estimated Operation and Maintenance Expenses for the calendar year, and 2. A sum equal to at least 110% of the debt service due in the calendar year. For the year ended December 31, 2024 the District was in compliance with the rate covenant as follows–

Operating Revenues		
Water sales and other resident charges	$	1,014,399
Non-operating/Misc. Income		9,701
Total Operating Revenues	$	1,024,100
Operating Expenses		
Operating expenses	$	1,094,874
Less - Depreciation		(201,716)
Total Operating Expenses	$	893,158
Revenues over (under) Expenses - Net	$	130,942
Debt Service		
Principal	$	66,586
Interest expense		2,370
	$	68,956
Rate Covenant Coverage Ratio		190%

The loan agreement further mandates that the District must maintain an operation and maintenance reserve equal to three months of operation and maintenance expenses, excluding depreciation. This reserve may be in the form of unobligated fund balances or other capital reserves. For the year ended December 31, 2025, the District was not in compliance with the Operation and Maintenance Reserve requirement as follows –

Current Assets		
Proprietary Fund	$	356,569
Cash held in Colotrust investment account - reported in debt service fund *		66,266
Total current assets for covenant calculation	$	422,835
Current Liabilities		(165,024)
Current assets over current liabilities	$	257,811
Operating expenses	$	1,094,874
Less - depreciation		(201,716)
Operating expenses - net	$	893,158
		0.25
Three months reserve requirement	$	223,290
Excess (Deficiency) Over Required Reserve	$	34,522

* - For purposes of calculating compliance with the Operation and Maintenance Reserve Covenant, the District has included cash held in the Colo trust investment account that is reported in the Debt Service Fund. Beginning in 2025, the District elected to present these resources in a separate Debt Service Fund to improve financial statement presentation and assist the Board in monitoring debt service activity. This presentation change does not alter the nature of the funds or the basis for calculating compliance with the covenant. Consistent with the loan agreement, which permits the reserve to be maintained as unobligated cash, unobligated fund balances, or in a separate segregated fund, these resources have been included in the covenant calculation.

Required Supplementary Information

St. Mary's Glacier Water and Sanitation District
Schedules of Revenues and Expenditures
Budgetary Comparison Schedule
General Fund
For the year Ended December 31, 2025

	Original and Final Budget	Actual	Variance
Operating Revenues			
Property Taxes	$ 64,878	$ 65,420	$ 542
Specific Ownership Taxes	4,541	4,296	(245)
Interest on Delinquent Taxes	-	1,756	1,756
Other Income	-	1,799	1,799
Total Operating Revenues	69,419	73,271	3,852
Operating Expenses			
Administrative			
Audit	8,500	8,500	$ -
Elections	15,000	2,960	(12,040)
Legal	23,000	28,364	5,364
Office Supplies and Miscellaneous	13,500	7,553	(5,947)
Treasurer's Fee	1,946	1,767	(179)
Total Operating Expenses	61,946	49,144	(12,802)
Revenues Over/(Under) Expenditures	$ 7,473	$ 24,127	$ 16,654

See the accompanying Independent Auditor's Report

St. Mary's Glacier Water and Sanitation District
Schedules of Revenues and Expenditures
Budgetary Comparison Schedule
Debt ServiceFund
For the year Ended December 31, 2025

	Original and Final Budget	Actual	Variance
Revenues			
Availability of Service (AOS) Fees	$ 70,770	$ 87,634	$ 16,864
AOS Late Charges	500	2,430	1,930
Interest Income	-	5,616	5,616
Total Operating Revenues	71,270	95,680	24,410
Expenditures			
2018 DOLA Loan - Principal	60,847	60,847	$ 0
2023 DOLA Loan - Principal	31,000	5,667	(25,333)
2023 DOLA Loan - Interest	15,000	2,840	(12,160)
Bad Debts	5,000	-	(5,000)
Total Operating Expenditures	111,847	69,355	(42,492)
Revenues Over/(Under) Expenditures	$ (40,577)	$ 26,325	$ 66,902
Reconciliation to GAAP Basis			
Add: 2018 DOLA Loan Principal		60,847	
Add: 2023 DOLA Loan Principal		5,667	
Change in Fund Balance – GAAP Basis		$ 92,840	

See the accompanying Independent Auditor's Report

Supplementary Information

St. Mary's Glacier Water and Sanitation District
Budgetary Comparison Schedule
Water and Sanitation Proprietary Fund
For the year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance
Operating Revenues				
User Fees and Surcharges	$851,400	$851,400	$ 828,734	$ (22,666)
Tap and Installation Fees	102,000	102,000	159,400	57,400
Late Charges and Interest	5,000	5,000	1,803	(3,197)
Administrative Transfer Fees	18,000	18,000	20,200	2,200
Miscellaneous Revenue	2,500	2,500	4,262	1,762
Total Operating Revenues	978,900	978,900	1,014,399	35,499
Operating Expenses				
General and Administrative				
Accounting and Finance	79,698	79,698	71,344	(8,354)
Accounting - Water Shares	2,400	2,400	2,200	(200)
Bad Debts	5,000	5,000	-	(5,000)
District Management (Contract)	90,000	90,000	98,082	8,082
Payroll Taxes	22,098	22,098	16,521	(5,577)
Employee Benefits	21,000	21,000	19,832	(1,168)
General Engineering	80,000	80,000	73,684	(6,316)
Insurance	27,881	27,881	334	(27,547)
Legal Fees - District	70,000	70,000	23,543	(46,457)
Permits, Fees and Memberships	2,000	2,000	4,959	2,959
Property Closings/Constituent Communication	17,500	17,500	2,919	(14,581)
Telephone and Internet Service	3,700	3,700	699	(3,001)
Water Assessments - Vidler Water	7,195	7,195	6,601	(594)
Total General and Administrative	428,472	428,472	320,718	(107,754)
Operations and Maintenance				-
Bldg Rental & Equip Storage - Metro	3,600	3,600	-	(3,600)
Chemicals	26,000	26,000	52,327	26,327
Fuel and Mileage	9,500	9,500	5,497	(4,003)
Machinery & Auto Maint & Repair	10,000	10,000	7,120	(2,880)
Parts and Materials	20,000	97,000	96,023	(977)
Permits and Fees, Operations	4,500	4,500	20,873	16,373
System Maint/Repair - Non-Contract	50,000	50,000	37,782	(12,218)
System Maint - ORC Contract	165,000	246,000	245,988	(12)
Utilities Technician	62,400	62,400	70,395	7,995
Utilities, Trash & Utility Locates	30,000	30,000	36,435	6,435
Total Operations and Maintenance	381,000	539,000	572,440	33,440
Nonoperating Revenues				
Grant Income	$ -	$ -	9,701	$ -
Revenues Over/(Under) Expenditures	$169,428	$ 11,428	$ 130,942	$109,813
Depreciation Expense			(201,716)	
Change in Net Position			$ (70,774)	

See the accompanying Independent Auditor's Report