LAKE FORK HEALTH SERVICE DISTRICT
Lake City, CO

FINANCIAL STATEMENTS
December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lake Fork Health Service District

Opinions
We have audited the accompanying financial statements of Lake Fork Health Service District as of and for the year ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Lake Fork Health Service District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Lake Fork Health Service District as of December 31, 2025 and 2024, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lake Fork Health Service District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake Fork Health Service 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake Fork Health Service District's basic financial statements. The budgetary comparison schedule – Non-GAAP basis, as listed in the table of contents, is presented for purposes of additional analysis and is 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Non-GAAP Basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Green + Associates LLC

Fort Collins, CO
September 22, 2026

Management's Discussion and Analysis

Lake Fork Health Service District

Management's Discussion and Analysis

Introduction:

The Lake Fork Health Service District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District; (b) an overview of the District's financial activities; (c) an explanation of the changes in the District's financial position; (d) an explanatory analysis of the variations of the annual, approved budget; and, (e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on the 2025 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 7.

Overview of the Financial Statements of the District:

The audited financial statements of the District are:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements

These statements are on pages 7 through 16. These and the Other Supplementary Information, Budgetary Comparison Schedule of Revenues and Expenditures on page 17 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in assets (net position). Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining the status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses and Nonoperating Revenues and Expenses – of the District's annual operating activities and how those activities affected net position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The Budgetary Comparison Schedule of Revenues and Expenditures provides information comparing budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, this will include a comparison of the originally approved budget with the final amended budget.

Condensed Comparative Financial Information:

Statement of Net Position

	2025	2024	2023
Current Assets			
Cash and cash equivalents	$ 1,331,087	$ 1,259,175	$ 1,090,070
Other current assets	524,659	439,587	483,628
	1,855,746	1,698,762	1,573,698
Non Current Assets			
Capital assets – net	2,091,794	2,147,100	2,166,792
Total Assets	3,947,540	3,845,862	3,740,490
Current Liabilities	50,453	38,966	45,729
Total Liabilities	50,453	38,966	45,729
Deferred Inflows of Resources	359,570	295,170	297,238
Net Position			
Net investment in capital assets	2,091,794	2,147,100	2,166,792
Restricted	20,895	21,301	19,354
Unrestricted	1,424,828	1,343,325	1,211,377
Total Net Position	$ 3,537,517	$ 3,511,726	$ 3,397,523

Statement of Revenues, Expenses, and Changes in Net Position

	2025	2024	2023
Operating Revenues	$ 542,014	$ 470,722	$ 528,941
Operating Expenses	1,321,273	1,233,115	1,244,640
Operating Income (Loss)	(779,259)	(762,393)	(715,699)
Non Operating Revenues (Expenses)	805,050	876,596	749,686
Change in Net Position	25,791	114,203	33,987
Net Position Beginning of Year	3,511,726	3,397,523	3,363,536
Net Position, End of Year	$ 3,537,517	$ 3,511,726	$ 3,397,523

Statement of Cash Flows

	2025	2024	2023
Cash from (for) Operating Activities	$ (688,303)	$ (630,226)	$ (667,685)
Cash from Non Capital Financing Activities	769,057	844,778	722,064
Cash from (for) Capital and Related Financing Activities	(44,835)	(77,265)	(60,032)
Cash from (for) Investing Activities	35,993	31,818	27,622
Increase (Decrease)	71,912	169,105	21,969
Cash and Cash Equivalents, Beginning of Year	1,259,175	1,090,070	1,068,101
Cash and Cash Equivalents, End of Year	$ 1,331,087	$ 1,259,175	$ 1,090,070

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

Analysis of Financial Position and Operating Results:

Net position increased in 2025 by $25,791 to $3,537,517. This is the result of the operating loss of $779,259, offset by net non-operating revenues of $805,050. Operating expenses increased due primarily to higher employee related costs.

Unrestricted cash, cash equivalents, and investments of the District at December 31, 2025, totaled $1,331,087, which represents approximately 72% of the District's current assets.

Capital Assets, net of accumulated depreciation, of the District at December 31, 2025, totaled $2,091,794, which represents approximately 53% of the District's total assets.

Net non-operating revenues for 2025 were $71,546 less than in 2024, due to lower grants and donations.

For more information about these changes in net position and the operating activities, please review the accompanying audited financial statements beginning on page 7.

Analysis of Budgetary Comparison Schedule of Revenues and Expenditures:

Actual revenues in 2025 were $43,329 less than the final budgeted revenues for the District. This is principally due to lower than expected donations and grants. The Districts actual expenditures in 2025 were $124,310 less than the final budgeted expenditures. Due to lower dental center expenses and wages and benefits.

For more information about the budgeted and actual revenues and expenditures, please review the Budgetary Comparison Schedule of Revenues and Expenditures, which is on page 17 in the accompanying audited financial statements.

Capital Asset and Long-Term Debt Activity:

In fiscal year 2025 LFHSD added $44,835 of capital assets before depreciation. These assets consisted principally of the addition of building repairs. The district did not dispose of any capital assets during the year. The District did not acquire any new long-term debt or retire any existing long-term debt in 2025.

For more information about the District's capital assets and long-term debt, please review page 15 of the Notes to Financial Statements in the accompanying audited financial statements.

Infrastructure Assets:

The District depreciates its capital assets. See Note 1 of Notes to Financial Statements – Summary of Significant Accounting Policies – Assets and Liabilities – Capital Assets Note 4 of Notes to Financial Statements – Capital Assets.

Financial Condition of the District:

The District continues to look at an Operation Income measure which is calculated as patient revenue plus tax revenue less Operating Expenses (less depreciation, a non-Cash expense) and District Expenses. This measure provides the District a view of the unrestricted cash generated to maintain on-going operations before capital expense.

All Capital Expenditures have been financed through donations or grants to the District, as a result they do not impact the Operating Cash position of the District. The District will continue to watch the impact of operations and changes in patient revenue in relation to insurance and Medicare repayments on Operation Income and its unrestricted cash position.

Requests for information from the District should be mailed to: Lake City Area Medical Center, Post Office Box 999, Lake City, Colorado 81235.

Basic Financial Statements

Wheat Ridge Sanitation District
Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 3,829,753	$ 3,499,084
Prepaid expenses	19,399	16,997
Accounts receivable	720,331	690,258
Due from Metro Wastewater	-	132,918
Property taxes receivable	115,333	112,635
Total Current Assets	4,684,816	4,451,892
Noncurrent Assets		
Capital Assets		
Nondepreciable		
Construction in progress	-	3,433,875
Depreciable		
Sewer lines, extensions and inclusions	13,366,076	9,589,422
Office equipment	61,805	79,396
Leasehold improvements	2,824	2,824
Right to use lease asset, net of amortization	-	15,572
Total Capital Assets	13,430,705	13,121,089
Less: Accumulated depreciation	(4,573,566)	(4,310,122)
Net Capital Assets	8,857,139	8,810,967
Total Noncurrent Assets	8,857,139	8,810,967
Total Assets	13,541,955	13,262,859
Liabilities		
Current Liabilities		
Accounts payable	153,158	348,506
Accrued expenses	830	796
Retainage payable	31,731	192,761
Developer deposits	149,495	122,708
Lease liability - current portion	-	10,690
Total Current Liabilities	335,214	675,461
Long-Term Liabilities		
Lease liability - long-term portion	-	5,450
Total Long-Term Liabilities	-	5,450
Total Liabilities	335,214	680,911
Deferred Inflows of Resources		
Deferred property taxes	115,333	112,635
Total Deferred Inflows of Resources	115,333	112,635
Net Position		
Net Investment in capital assets	8,857,139	8,810,967
Restricted for emergencies	3,467	3,632
Unrestricted	4,230,802	3,654,714
Total Net Position	$ 13,091,408	$ 12,469,313

The accompanying notes are an integral part of these financial statements

Wheat Ridge Sanitation District
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Sewage treatment revenue	$ 2,823,240	$ 2,821,122
Grease trap fees	9,900	15,400
Metro connection fees	182,028	276,000
Inspection fees	9,275	10,185
Miscellaneous income	65,824	10,502
Total Operating Revenues	3,090,267	3,133,209
Operating Expenses		
Sewage treatment	1,772,330	1,546,684
Collection and transmission	451,416	294,828
General and administration	323,555	261,137
Metro connection fees	182,028	276,000
Depreciation	281,035	157,265
Total Operating Expenses	3,010,364	2,535,914
Operating Income	79,903	597,295
Nonoperating Revenues (Expenses)		
Property taxes	107,877	113,769
Specific ownership taxes	7,681	7,290
Investment income	184,646	311,427
Office sharing revenue	13,643	10,311
Connection fees	230,692	350,000
County treasurer fees	(2,347)	(1,839)
Total Nonoperating Revenues (Expenses)	542,192	790,958
Change in Net Position	622,095	1,388,253
Net Position, beginning of year	12,469,313	11,081,060
Net Position, end of year	$ 13,091,408	$ 12,469,313

The accompanying notes are an integral part of these financial statements

Wheat Ridge Sanitation District
Statements of Cash Flows
For the Year Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Cash received from customers	$ 3,060,194	$ 2,839,147
Cash paid to suppliers	(2,767,908)	(2,270,496)
Net cash provided (used) by operating activities	292,286	568,651
Cash Flows From Non-Capital Financing Activities		
Property and ownership taxes received	115,558	121,059
Office sharing revenue	13,643	10,311
Fee paid to county treasurer	(2,347)	(1,839)
Cash received for connection charges and upsizing	230,692	350,000
Net cash provided (used) by non-capital financing activities	357,546	479,531
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(503,809)	(3,575,065)
Net cash provided (used) in capital and related financing activities	(503,809)	(3,575,065)
Cash Flows From Investing Activities		
Investment income received	184,646	311,427
Net cash provided (used) by investing activities	184,646	311,427
Net increase (decrease) in cash and cash equivalents	330,669	(2,215,456)
Cash and cash equivalents, beginning of year	3,499,084	5,714,540
Cash and cash equivalents, end of year	$ 3,829,753	$ 3,499,084
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income / (Loss)	$ 79,903	$ 597,295
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	281,035	157,265
Amortization of right to use lease	-	10,380
Changes in assets and liabilities		
Prepaid expenses	(2,402)	(2,741)
Accounts receivable	(30,073)	(294,062)
Due to / from Metro Wastewater	132,918	(184,105)
Accounts payable	(195,348)	304,173
Other accrued liabilities	26,821	(9,135)
Payments on lease liability	(568)	(10,419)
Net Cash Provided (Used) by Operating Activities	$ 292,286	$ 568,651

The accompanying notes are an integral part of these financial statements

Lake Fork Health Service District
Notes to Financial Statements
December 31, 2025 and 2024

Note 1 Summary of Significant Accounting Policies

Lake Fork Health Service District (the District) is a political subdivision of the State of Colorado and is governed by a Board of Directors consisting of five people elected by the residents of the District. Until January 1, 2003, the District operated as Lake City Area Medical Center, Inc. (the Center) in Lake City, Colorado. On that date the Center transferred the operations and donated certain assets to the District. The District provides medical services in the Lake City area.

Financial Reporting Entity

The financial statements of the Lake Fork Health Service District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. 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 District's governing body, ability to impose its will on the organization, a potential for the District to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

Basis of Presentation

Enterprise fund accounting is utilized by the District in accordance with accounting principles generally accepted in the United States of America.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for medical and dental services. Operating expenses include the cost of providing medical and dental services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

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

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and medical billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to October 15 the District manager submits the proposed budget to the District Board of Directors.
- Prior to its adoption, the budget is open for public inspection by the public.
- After the public inspection and consideration of any objections filed, the Board reviews the proposed budget and formally adopts it by resolution.
- At the time of adopting the budget the Board passes an appropriating ordinance giving the District legal authority to spend.
- Prior to December 15th the Board adopts the property tax mill levy.

Budgets for the District's enterprise fund are not prepared in accordance with accounting principles generally accepted in the United States of America because they include capital assets as expenditures and do not include depreciation. Budgets may be amended during the year, after adequate notice and public hearing, by approval of the Board of Directors. Any amendments to the budget are incorporated in the budget in these financial statements. Appropriations lapse at the end of the budget year. The budget was not amended in 2025.

Property Taxes

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

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities

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

Receivables – are valued at the estimated collectible value. Reserves are reviewed by the District's staff and are based on historical facts and anticipated collections.

Capital assets – are recorded at cost except for the assets which have been contributed, which are stated at estimated fair market value at the date of contribution. The capitalization threshold for fixed assets is $1,000. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives. The estimated useful lives are as follows:

Furniture and Equipment	5-10 years
Buildings and Improvements	40 years

Inventories – of medical, dental and pharmacy supplies are stated at the lower of cost or market, using the first-in, first-out method. The District has reserved $13,084 for obsolescence.

Accrued vacation and sick pay –are recorded as current salary when paid, and expire at the end of each calendar year. Any unused time is forfeited.

Net position

Equity is classified as net position and displayed in three components:

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

b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

c. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets." This net position is available for future operations or distributions.

Cash Equivalents

For purposes of the financial statements, including the statement of cash flows, the District considers all restricted and unrestricted highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

in the Preparation of Financial Statements

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

Note 1 Summary of Significant Accounting Policies (Continued)Use of Estimates

Deferred Inflows of Resources

Deferred revenues – deferred revenues include property taxes, which have been certified but not yet collected.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2025, and 2024, the District's cash deposits had a carrying balance of $369,823 and $613,917 and a corresponding bank balance of $375,898 and $626,531, of which $297,436 and $293,440 was insured by the Federal Deposit Insurance Corporation, respectively.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. As of December 31, 2025, the District had $78,462 and $333,091 collateralized under PDPA, respectively.

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2025, and 2024, none of the District's bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest. The District has not adopted a formal investment policy.

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

Note 2 Cash and Investments (Continued)

At December 31, 2025 and 2024, the District had $961,003 and $645,083 invested in Colorado Local Government Liquid Asset Trust (COLOTRUST), which is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to $1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to $10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

A summary of cash and investments at December 31, 2025 and 2024, is as follows:

	2025	2024
Cash on hand	$ 261	$ 175
Cash deposits	369,823	613,917
COLOTRUST	961,003	645,083
Total cash and cash equivalents	$ 1,331,087	$ 1,259,175

Note 3 Accounts Receivable

Accounts receivable balances, net of allowance, at December 31, 2025 and 2024, were comprised of the following:

	2025	2024
Patient fees receivable	$ 100,815	$ 90,675
Less Allowance for doubtful accounts	(33,813)	(39,693)
Net Receivables	$ 67,002	$ 50,982

Note 4 Capital Assets

A summary of changes to capital assets for 2025 and 2024 are as follows:

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Nondepreciable				
Land	$ 121,500	-	-	$ 121,500
Total Nondepreciable	121,500	-	-	121,500
Depreciable				
Building	3,025,262	-	-	3,025,262
Furniture & Equipment	279,044	40,087	-	319,131
Machinery & Equipment	217,954	4,748	-	222,702
Dental Equipment	130,535	-	-	130,535
Other	226,887	-	-	226,887
Total Depreciable	3,879,682	44,835	-	3,924,517
TOTAL	4,001,182	44,835	-	4,046,017
Less Accumulated Depreciation	(1,854,082)	(100,141)	-	(1,954,223)
Net Capital Assets	$ 2,147,100	$ (55,306)	$ -	$ 2,091,794

	Balance at 12/31/2023	Additions	Deletions	Balance at 12/31/2024
Nondepreciable				
Land	$ 121,500	-	-	$ 121,500
Total Nondepreciable	121,500	-	-	121,500
Depreciable				
Building	3,021,372	3,890	-	3,025,262
Furniture & Equipment	523,629	21,433	(266,018)	279,044
Machinery & Equipment	399,397	30,749	(212,192)	217,954
Dental Equipment	112,212	21,193	(2,870)	130,535
Other	226,887	-	-	226,887
Total Depreciable	4,283,497	77,265	(481,080)	3,879,682
TOTAL	4,404,997	77,265	(481,080)	4,001,182
Less Accumulated Depreciation	(2,238,205)	(96,957)	481,080	(1,854,082)
Net Capital Assets	$ 2,166,792	$ (19,692)	$ -	$ 2,147,100

Note 5 Tax, Spending, and Debt Limitation

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, and salary or benefit increases. The District has restricted net position of $20,895 and $21,301 related to TABOR for the year ended December 31, 2025 and 2024, respectively.

Note 6 Risk Management

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

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

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Other Supplementary Information

Wheat Ridge Sanitation District
Budgetary vs. Actual Comparison - Non GAAP Basis
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Connection fees - Wheat Ridge	202,365	230,692	28,327
Connection fees -Metro	159,570	182,028	22,458
Inspection fees	8,500	9,275	775
Sewage treatment revenue	2,906,582	2,823,240	(83,342)
Grease trap fees	16,500	9,900	(6,600)
Property tax	112,635	107,877	(4,758)
Ownership tax	7,900	7,681	(219)
Investment income	200,000	184,646	(15,354)
Office sharing revenue	10,500	13,643	3,143
Miscellaneous	11,000	65,824	54,824
Total Revenues	3,635,552	3,634,806	(746)
Expenditures			
Sewage Collection and Transmission	629,089	451,416	177,673
Sewage Treatment	1,794,932	1,772,330	22,602
Administration	125,700	323,555	(197,855)
County treasurer fees	1,746	2,347	(601)
Connection Fees - Metro	159,570	182,028	(22,458)
Contingency Expense	150,000	-	150,000
Capital Expenditures	1,500,000	342,779	1,157,221
Total Expenditures	4,361,037	3,074,455	1,286,582
Reconciliation to GAAP Basis			
Net income - Budgetary Basis		560,351	
Add Capital Outlay		342,779	
Less Depreciation		(281,035)	
Net Income - GAAP Basis		$ 622,095	

See the Independent Auditor's Report