South Platte Renew



ANNUAL FINANCIAL REPORT

Year Ended December 31, 2025

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South Platte Renew
Joint Venture

Year Ended December 31, 2025

Supervisory Committee

City of Littleton

Jim Becklenberg, City Manager
Brent Soderlin, Director of Public Works & Utilities

City of Englewood

J. Shawn Lewis, City Manager
Victor Rachael, Public Works Director

Annual Financial Report

Year Ended December 31, 2025

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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

To the Members
South Platte Renew
Englewood, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of South Platte Renew (the Joint Venture) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Joint Venture'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 financial position of the Joint Venture as of December 31, 2025, and the respective changes in the financial position and cash flows 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 (GAAS). 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 the Joint Venture and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Joint Venture's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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 supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hinkle & Company, PC

Englewood, Colorado
June 8, 2026

South Platte Renew Joint Venture

Statement of Net Position
As of December 31, 2025

		2025
Assets		
Current assets		
Cash and investments	$	3,806,160
Receivable from City of Littleton		747,748
Receivable from City of Englewood		936,792
Interest receivable		10,326
Prepaid expenses		52,769
Other receivables		443,413
Total current assets		5,997,208
Noncurrent assets		
Capital assets not being depreciated		14,659,737
Buildings		170,228,408
Vehicles, equipment and other		102,145,001
Less accumulated depreciation		(169,557,005)
Capital assets, net of accumulated depreciation		102,816,404
Total noncurrent assets		117,476,141
Total assets		123,473,349
Liabilities		
Current liabilities		
Accounts payable		3,280,422
Retainage payable		1,199,386
Accrued liabilities		838,023
Total current liabilities		5,317,831
Noncurrent liabilities		
Accrued liabilities		330,070
Total noncurrent liabilities		330,070
Total liabilities		5,647,901
Net position		
Invested in capital assets		117,476,141
Unrestricted		349,307
Total net position	$	117,825,448

The notes to the financial statements are an integral part of this statement.

South Platte Renew Joint Venture

Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2025

	2025
Operating revenues	
Reimbursement of operating expenses	
City of Littleton	$ 8,576,982
City of Englewood	10,980,715
Total operating revenues	19,557,697
Operating expenses	
Sewage treatment	
Pretreatment	770,686
Engineering	5,132,930
Environmental programs	2,141,193
Renewable Natural Gas	365,563
Operations and maintenance	11,916,758
Total sewage treatment	20,327,130
Administration	
Business solutions	2,922,840
Total administration	2,922,840
Depreciation	6,529,140
Total operating expenses	29,779,110
Operating loss	(10,221,413)
Nonoperating revenues	
Septic hauling	499,225
Farm lease	114,771
Resource recovery	1,864,827
Net investment income	68,503
Other	48,544
Total nonoperating revenues	2,595,870
Loss before contributions	(7,625,543)
Capital contributions	
City of Littleton	4,990,306
City of Englewood	4,990,306
Total capital contributions	9,980,612
Change in net position	2,355,068
Total net position - beginning	115,470,380
Total net position - ending	$ 117,825,448

The notes to the financial statements are an integral part of this statement.

South Platte Renew Joint Venture

Statement of Cash Flows
For the Year Ended December 31, 2025

		2025
Cash flows from operating activities		
Cash received from joint venturers	$	20,133,270
Cash payments to suppliers for goods and services		(20,063,089)
Other revenue		2,334,270
Net cash provided (required) by operating activities		2,404,451
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets		(8,170,170)
Capital contributions from joint venturers		8,170,170
Net cash provided by capital and related financing activities		-
Cash flows from investing activities		
Net investment income		73,315
Net cash provided by investing activities		73,315
Net increase in cash and cash equivalents		2,477,766
Cash and cash equivalents - January 1,		1,328,394
Cash and cash equivalents - December 31,	$	3,806,160
Reconciliation of operating loss to net cash provided (required) by operating activities		
Loss from operations	$	(10,221,413)
Adjustments to reconcile operating loss to net cash provided (required) by operating activities:		
Depreciation		6,529,140
Other nonoperating revenue		2,334,270
Effect of changes in operating assets and liabilities		
Receivable from joint venturers		575,573
Accounts payable		3,024,690
Accrued liabilities		162,191
Total adjustments		12,625,864
Net cash provided (required) by operating activities	$	2,404,451

The notes to the financial statements are an integral part of this statement.

South Platte Renew Joint Venture
Notes to the Financial Statements
December 31, 2025

The financial statements of the South Platte Water Renewal Partners Joint Venture have been prepared in conformity with generally accepted accounting principles as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following notes to the financial statements are an integral part of this report.

Note 1 – Summary of Significant Accounting Policies

Definition of Reporting Entity

The Cities of Littleton, Colorado (Littleton) and Englewood, Colorado (Englewood), participate in the South Platte Water Renewal Partners Joint Venture (the Joint Venture) for the operation of a wastewater treatment facility. Control of the Joint Venture rests in a four-member committee, with two members appointed by each city. Littleton and Englewood each own a 50 percent interest in the Joint Venture. The Joint Venture has its own workforce for operating purposes. For payroll and pension participation, the joint venture's workforce is considered to be City of Englewood employees. Englewood provides the Joint Venture with administrative services on a cost reimbursement basis. In 2020, the name of the joint venture was changed from South Platte Water Renewal Partners to South Platte Renew.

The accounting policies of the Joint Venture conform to generally accepted accounting principles (GAAP) as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the Joint Venture'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.

Basis of Accounting

The Joint Venture uses the economic resources measurement focus and 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. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes, if any, would be recorded as a reduction in liabilities.

Operating Revenues and Expenses

The Joint Venture distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses and Changes in Fund Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Joint Venture's purpose of providing services to the joint venturers. Operating revenues consist of charges to venturers 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 non-operating revenues and expenses or capital contributions.

Budgets

The Joint Venture does not have nor is it anticipated to ever have the power to assess an ad valorem tax on the property of the participating cities. Accordingly, it is management's contention that this would remove it from the scope of the State of Colorado Budget Law. However, budgets are prepared as a management control device, and budget and actual comparisons are presented as supplementary information in the financial statements.

Cash Equivalents

For purposes of the statement of cash flows, the Joint Venture considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents. Cash and investments held as part of the City of Englewood's pooled cash and investments are considered cash equivalents.

Accounts Receivable

Accounts receivable includes amounts due from the Joint Venturers related to ongoing operating costs as well as other related ancillary charges. Based on a review of outstanding receivables at year end no allowance was deemed necessary.

Capital Assets

Capital assets are stated at cost. Maintenance and repairs are charged to current period operating expenses and improvements are capitalized. The Joint Venture currently capitalizes infrastructure projects that cost more than $25,000 and have a life of one year or more and equipment that costs $25,000 or more and has a life of more than one year. Upon retirement or other disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in non-operating income (expenses).

Depreciation of property, plant and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

Asset Type	Years
Buildings	25-50
Infrastructure	20-50
Other Improvements	2-20
Machinery and Equipment	2-15

Reimbursement of Operating Expenses

Variable operating expenses are shared by the venturers based on actual usage of the facility and fixed operating expenses, excluding depreciation, are shared equally. Additionally, in accordance with the Joint Venture Agreement, Littleton pays an administration fee to Englewood equal to 3% of operating expenses. Littleton paid $642,500.13 during the year ended December 31, 2025.

Capital Contributions

The joint venturers share capital expenditures equally. The amount reported as capital contributions on the Statement of Revenues, Expenses and Changes in Fund Net Position represents the amount paid by the joint venturers for capital improvements.

Compensated Absences, Pension and Other Post-Employment Benefits

The Joint Venture is charged for Compensated Absences, Pension and Other Post-Employment benefit costs related to the workforce. Please refer to the City of Englewood's Annual Comprehensive Financial Report for complete descriptions of the City's benefits. This report may be obtained by calling the City of Englewood's Finance Department at 303-762-2300 or by visiting Englewood's website at www.englewoodco.gov
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Net Position

The Joint Venture utilizes a net position presentation. Net Position is categorized as investments in capital assets (net of related debt) and is either restricted or unrestricted. Net position is restricted when constraints placed on the use of resources are externally imposed. In order to calculate the amounts to report as restricted-net position or unrestricted-net position, a flow assumption must be made about the order in which the resources are to be applied. It is this Joint Venture's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

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 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 from those estimates.

Note 2 – Cash and Investments

The Joint Venture's cash and investments are combined with Englewood's pooled cash and investment funds. Englewood allocates interest earnings from the combined investments on a pro-rata basis. See the City of Englewood's Annual Comprehensive Financial Report at www.englewoodco.gov for additional details.

At December 31, 2025, the Joint Venture had cash and investments as follows:

Unrestricted	
Deposits and investments with the City of Englewood internal investment pool	$ 3,806,160

Under the terms of the joint venture agreement, the venturers agreed to restrict $1,000,000 of their individual City's sewer fund cash to finance major capital repairs and replacements of the joint venture. Each City is also required to deposit an amount equal to two months of budgeted operating expenditures. For the year ended December 31, 2025 the deposit balances were $1,900,000 and $2,210,000 for the Cities of Littleton and Englewood respectively.

Note 3 – Capital Assets

Certain beginning balances have been reclassified to conform to the current year presentation. Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 5,422,996	$ -	$ -	$ 5,422,996
Construction in process	8,522,702	8,050,717	(7,336,678)	9,236,741
Total capital assets not being depreciated	13,945,698	8,050,717	(7,336,678)	14,659,737
Capital assets being depreciated				
Buildings	170,043,112	185,296	-	170,228,408
Infrastructure	6,889,328	-	-	6,889,328
Other improvements	4,762,935	-	-	4,762,935
Machinery and Equipment	82,507,864	7,984,875	-	90,492,739
Total capital assets being depreciated	264,203,239	8,170,171	-	272,373,410
Less accumulated depreciation for:				
Buildings	90,630,339	4,280,109	-	94,910,448
Infrastructure	2,222,049	144,241	-	2,366,290
Other improvements	2,550,193	79,422	-	2,629,615
Machinery and Equipment	67,625,283	2,025,369		69,650,652
Total accumulated depreciation	163,027,864	6,529,141	-	169,557,005
Total capital assets being depreciated, net	101,175,375	1,641,030	-	102,816,405
Total capital assets, net	$ 115,121,073	$ 9,691,747	$ (7,336,678)	$ 117,476,142

Note 4 – Risk Management

The Joint Venture is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors or omissions and natural disasters.

In order to reduce insurance costs, the Joint Venture participates in the City of Englewood's Risk Management and Health Insurance Programs. Amounts payable to the City are based on historical claims experience. Please refer to the City's Annual Comprehensive Financial Report for complete descriptions of the City's risk management activities. Settled claims have not exceeded insurance coverage in any of the past three years.

Note 5 – Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

The cities of Englewood and Littleton account for the operations of the Joint Venture within their respective sewer utility funds. Any TABOR implications or considerations related to the Joint Venture have been considered individually by each of the cities as part of their annual financial reporting process.

Note 6 – Other Contingencies

The City of Englewood was identified as a responsible party at the Superfund site known as the Lowry Landfill by the United States Environmental Protection Agency. The City has entered into an agreement with the primary party responsible for the Lowry Landfill. The primary party will be responsible for the actual cleanup of the site and will respond, on the City's behalf, to all inquiries or notifications received by the EPA. Based on estimates provided during the settlement process, City management does not believe additional cleanup costs will be necessary.

South Platte Water Renewal Partners
Schedule of Changes in Joint Venturers' Equity
For The Year Ended December 31, 2025

	City of Littleton	City of Englewood	Total
Balance at December 31, 2023	$ 52,235,163	$ 52,235,163	$ 104,470,326
Change in net position	5,500,027	5,500,027	11,000,054
Balance at December 31, 2024	57,735,190	57,735,190	$ 115,470,380
Change in net position	1,177,534	1,177,534	2,355,068
Balance at December 31, 2025	$ 58,912,724	$ 58,912,724	$ 117,825,448

See Independent Auditors' Report

South Platte Water Renewal Partners Joint Venture

Schedule of Revenues, Expenditures and Changes in Net Position -
Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

	Budgeted Amount	Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual
Revenues				
Reimbursement of operating expenses				
City of Littleton	$ 9,985,094	$ 8,576,983	$ (1,408,111)	$ 8,122,154
City of Englewood	11,439,656	10,980,715	(458,941)	9,755,460
Capital contributions				
City of Littleton	8,013,300	4,990,306	(3,022,994)	9,779,646
City of Englewood	8,013,300	4,990,306	(3,022,994)	9,779,646
Resource recovery	1,700,000	1,864,827	164,827	2,114,633
Septic hauling	165,000	499,225	334,225	401,021
Farm lease	114,772	114,771	(1)	114,772
Net investment income	30,000	68,503	38,503	79,947
Other	37,300	48,543	11,243	269,001
Total revenues	39,498,422	32,134,179	(7,364,243)	40,416,280
Expenditures				
Environmental Programs	2,562,243	2,141,193	421,050	2,019,350
Pretreatment/Engineering/Maintenance	17,157,930	17,820,375	(662,445)	17,393,208
Renewable Natural Gas	569,450	365,563		
Business Solutions	3,182,199	2,922,840	259,359	2,937,687
Capital outlay	16,026,600	8,884,208	7,142,392	18,066,035
Total expenditures	39,498,422	32,134,179	7,160,356	40,416,280
Change in Net Position, Budgetary Basis	-	-	(203,887)	-
Adjustments to GAAP Basis				
Depreciation		(6,529,140)		
Capital Outlay		8,884,208		
Change in Net Position, GAAP Basis		$ 2,355,068		

See Independent Auditors' Report