WHEAT RIDGE WATER DISTRICT

FINANCIAL STATEMENTS

With
Independent Auditor's Report

December 31, 2025 and 2024

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wheat Ridge Water District

Opinions
We have audited the accompanying financial statements of Wheat Ridge Water 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 Wheat Ridge Water 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 Wheat Ridge Water 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 Wheat Ridge Water 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 Wheat Ridge Water 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 Wheat Ridge Water 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 Wheat Ridge Water 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
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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wheat Ridge Water 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.

Grimm + Associates LLC

June 2, 2026
Fort Collins, Colorado

Basic Financial Statements

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

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 5,155,049	$ 5,238,205
Prepaid expenses	90,164	93,745
Accounts receivable-service charges	449,192	514,069
Total Current Assets	5,694,405	5,846,019
Noncurrent Assets		
Capital Assets		
Nondepreciable	2,764,180	2,782,295
Depreciable	15,440,189	15,423,109
Total Capital Assets	18,204,369	18,205,404
Less: Accumulated depreciation	(10,483,204)	(10,134,857)
Net Capital Assets	7,721,165	8,070,547
Total Noncurrent Assets	7,721,165	8,070,547
Total Assets	13,415,570	13,916,566
Liabilities		
Current Liabilities		
Accounts payable	301,373	1,321,954
Accrued expenses	34,683	33,323
Total Current Liabilities	336,056	1,355,277
Net Position		
Net Investment in capital assets	7,721,165	8,070,547
Unrestricted	5,358,349	4,490,742
Total Net Position	$ 13,079,514	$ 12,561,289

The accompanying notes are an integral part of these financial statements

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

	2025	2024
Operating Revenues		
Water sales	$ 5,618,218	$ 5,535,530
Fees and other charges	121,175	87,099
Miscellaneous	19,887	4,337
Total Operating Revenues	5,759,280	5,626,966
Operating Expenses		
Water purchases	3,766,399	4,042,998
Employee salaries and benefits	658,813	678,429
Water operations	612,153	783,633
General and administration	289,292	230,443
Depreciation expense	348,347	345,943
Total Operating Expenses	5,675,004	6,081,446
Operating Gain (Loss)	84,276	(454,480)
Nonoperating Revenues (Expenses)		
Investment income	203,949	263,605
Connection fees	230,000	325,250
Total Nonoperating Revenues	433,949	588,855
Change in Net Position	518,225	134,375
Net Position, beginning of year	12,561,289	12,426,914
Net Position, end of year	$ 13,079,514	$ 12,561,289

The accompanying notes are an integral part of these financial statements

Wheat Ridge Water 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	$ 5,824,157	$ 5,731,372
Cash paid to suppliers	(5,846,633)	(4,121,850)
Cash paid to employees	(495,664)	(514,948)
Net cash provided (used) by operating activities	(518,140)	1,094,574
Cash Flows From Non-Capital Financing Activities		
Cash received for connection charges	230,000	325,250
Net cash provided (used) by non-capital financing activities	230,000	325,250
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(82,066)	(1,657,240)
Proceeds from sales of assets	83,101	-
Net cash provided (used) in capital and related financing activities	1,035	(1,657,240)
Cash Flows From Investing Activities		
Investment income received	203,949	263,605
Net cash provided (used) by investing activities	203,949	263,605
Net increase (decrease) in cash and cash equivalents	(83,156)	26,189
Cash and cash equivalents, beginning of year	5,238,205	5,212,016
Cash and cash equivalents, end of year	$ 5,155,049	$ 5,238,205
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Gain / (Loss)	$ 84,276	$ (454,480)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	348,347	345,943
Changes in assets and liabilities		
Accounts receivable	64,877	104,406
Prepaid expenses	3,581	(15,060)
Inventory	-	18,944
Accounts payable	(1,020,581)	1,091,123
Other accrued liabilities	1,360	3,698
Net Cash Provided (Used) by Operating Activities	$ (518,140)	$ 1,094,574

The accompanying notes are an integral part of these financial statements

Note 1 Summary of Significant Accounting Policies

Wheat Ridge Water District (the District) is a quasi-municipal corporation, pursuant to the provisions of the Colorado Special District Act. The District was established to provide water services within its geographical area. The District operates under a Board of Directors form of government. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The significant accounting policies utilized are:

Financial Reporting Entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provides guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. The District applies all Governmental Accounting Standards Board (GASB) pronouncements in the financial statements, which is the authoritative body. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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.

The District distinguishes *operating* revenues and expenses from *non-operating* 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 sales and service of water. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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.

Deferred Outflows / Inflows of Resources

The District implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result, in addition to assets, liabilities and net position, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Budgets and Budgetary Accounting

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 inspection by the public.
- After public inspection and consideration of any objections filed, the Board reviews the proposed budget and formally adopts it by resolution.
- At the time of the adoption of the budget, the Board passes an appropriating ordinance giving the District legal authority to spend.

Budgets are not prepared in accordance with accounting principles generally accepted in the United States of America because they include capital asset expenditures, but do not include depreciation, or accrued vacation and sick leave.

Budgets may be amended during the year by approval of the Board of Directors. Any amendments to the budget are incorporated into the budget in these financial statements. Appropriations lapse at the end of the budget year. The budget was not amended in 2025.

Note 1 Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed according to their respective cycles.

Assets and Liabilities

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

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets - are recorded at cost except for those assets which have been contributed, which are stated at estimated fair market value at the date of contribution or at developer's cost. The capitalization threshold for fixed assets is $5,000. Depreciation is computed using the straight-line method over the asset's estimated economic useful life. The estimated useful lives are as follows:

Water lines and pump station	40 years
Machinery and equipment	10 years
Office furniture and equipment	5-10 years
Buildings and improvements	25-30 years
Vehicle	10 years

Accrued vacation and sick pay – The District's personnel policy allows employees to accrue vacation days based on length of service. In accordance with the policy the District has accrued a liability for vacation pay that has been earned but not used by District employees under the provisions of GASB No. 101. The net change in compensated absences was $0 for the year ended.

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. Restricted net position was $0 at year-end.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For purposes of the statement of cash flows and the statement of net position, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The District considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Use of Estimates 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 2 Cash and Investments

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state 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. 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.

As of December 31, 2025, and 2024 had $97,098 and $71,609 collateralized under PDPA and $250,000 and $250,000 insured by the FDIC, respectively. The deposits had a carrying balance of $342,584 and $319,957, respectively. All of the District deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA and were not exposed to credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- 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 $3,715,122 and $3,769,847 invested in COLOTRUST, and $1,097,343 and $1,148,401, respectively, invested in CSAFE (the Trusts) which are 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 operates similarly to a money market fund and each share is equal in value to $1.00.

Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. ColoTrust Plus and C-SAFE are 2a7-like investment pools and are both rated by Standard and Poor's, and Moody's with current ratings of AAA and Aaa. Colotrust is valued at net asset value and CSAFE is valued at amortized cost. There are no limitations on withdrawals for either pool. The redemption frequency is daily and there is no redemption notice period for ColoTrust or CSAFE.

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.

A summary of cash and cash equivalents at December 31, 2025 and 2024 are as follows:

	2025	2024
Cash deposits	$ 342,584	$ 319,957
CSAFE	1,097,343	1,148,401
COLOTRUST	3,715,122	3,769,847
Total cash and cash equivalents	$ 5,155,049	$ 5,238,205

Note 3 Accounts Receivable

Accounts receivable at December 31, 2025 and 2024, was comprised of the following:

	2025	2024
Water customers	$ 449,192	$ 514,069
Less: Allowance for doubtful accounts	-	-
Net receivables	$ 449,192	$ 514,069

Note 4 Capital Assets

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

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Nondepreciable				
Land	$ 15,395	$ -	$ -	$ 15,395
Construction in progress	2,766,900	64,986	83,101	2,748,785
Total Nondepreciable	2,782,295	64,986	83,101	2,764,180
Depreciable				
Water distribution system	14,298,945	17,080	-	14,316,025
Buildings	409,755	-	-	409,755
Furniture and fixtures	60,900	-	-	60,900
Equipment	653,509	-	-	653,509
Total Depreciable	15,423,109	17,080	-	15,440,189
TOTAL	18,205,404	82,066	83,101	18,204,369
Less Accumulated Depreciation	(10,134,857)	(348,347)	-	(10,483,204)
Net Capital Assets	$ 8,070,547	$ (266,281)	$ 83,101	$ 7,721,165

	Balance at 12/31/2023	Additions	Deletions	Balance at 12/31/2024
Nondepreciable				
Land	$ 15,395	$ -	$ -	$ 15,395
Construction in progress	1,286,052	1,480,848	-	2,766,900
Total Nondepreciable	1,301,447	1,480,848	-	2,782,295
Depreciable				
Water distribution system	14,245,774	53,171	-	14,298,945
Buildings	409,755	-	-	409,755
Furniture and fixtures	60,900	-	-	60,900
Equipment	567,807	123,221	(37,519)	653,509
Total Depreciable	15,284,236	176,392	(37,519)	15,423,109
TOTAL	16,585,683	1,657,240	(37,519)	18,205,404
Less Accumulated Depreciation	(9,826,433)	(345,943)	37,519	(10,134,857)
Net Capital Assets	$ 6,759,250	$ 1,311,297	$ -	$ 8,070,547

Note 5 Retirement Plan

The District has entered into an agreement with the ICMA Retirement Corporation to establish a Money Purchase Plan for District employees in accordance with the Internal Revenue Code Section 401. Participation in the plan is mandatory for all District employees. Employees contribute 5% to the plan and the District contributes 8%. Employees are fully vested after 7 complete years of service. Financial activity of the plan is not included in the District's financial statements. Employer contributions to the plan were $32,472, $40,788 and $40,918 for the years ending December 31, 2025, 2024 and 2023, respectively.

Note 6 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.

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 7 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 coverage's, 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 commercial coverage in any of the last three years.

Note 8 Reclassifications

Certain items have been reclassified from the previous year to conform with the presentation of the current years financial statements.

Other Supplementary Information

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

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Service charges	$ 5,905,095	$ 5,618,218	$ (286,877)
Fees and other charges	90,000	121,175	31,175
Connection fees	100,000	230,000	130,000
Interest	200,000	203,949	3,949
Miscellaneous income	15,000	19,887	4,887
Total Revenues	6,310,095	6,193,229	(116,866)
Expenses			
Personnel expenses	745,700	658,813	86,887
Water purchases	4,670,400	3,766,399	904,001
Water operations	683,250	612,153	71,097
General and administrative	285,700	289,292	(3,592)
Capital outlay	520,000	82,066	437,934
Total Expenses	6,905,050	5,408,723	1,496,327
Revenues over (under) Expenditures	$ (594,955)	$ 784,506	$ 1,379,461
Reconciliation to Net Income			
Add Capital Outlay		82,066	
Less Depreciation Expense		(348,347)	
Change in Net Position		$ 518,225	