ANNUAL REPORT

As required by Section VI of the Amended and Restated Service Plan of the Independence Water & Sanitation District (the "District"), approved by the Elbert County Board of County Commissioners on September 7, 2017, and Section 32-1-207(3)(c), C.R.S., the following report is hereby submitted.

Name of the District	Independence Water & Sanitation District
Report for Calendar Year	2025
(i) Description of Services Provided by the District	The District is a Title 32 Special District that was established on September 7, 2017. The District is authorized to acquire, construct, finance, and maintain public water, sewer, and storm drainage improvements for the use and benefit of service users of the District's systems. The District has all of the powers of a water and sanitation district as set forth in the Colorado Revised Statutes.
(ii) Financial Status of the District	The District remains financially stable and continues to meet its financial obligations. Additional financial information is contained in the attached 2026 Budget. The District's 2025 Audit has not yet been completed and will be provided upon completion.
(iii) Current Mill Levy	The current assessed valuation of the District is $380 and the District's mill levy has been certified at 0.000 mills for the current tax year. The sources of operating funds in 2025 were revenues from Water and Wastewater System Rates and Fees charged to and collected from users of the District's systems, and developer advances.
(iv) Board of Directors	The District is governed by a five (5) person, publicly elected, Board of Directors currently consisting of the following persons: • Timothy Craft, President, Term Expires May 2029 • Jim Yates, Secretary/Treasurer, Term Expires May 2029 • Jeffrey Keeley, Term Expires May 2029 • Randall David Roberts, Term Expires May 2027 • Vacancy, Term Expires May 2027
(v) Times and Locations for Board Meetings	The Board has determined that regular meetings will be held on February 13, March 2, April 6, and November 17, 2026 at 5:30 p.m., via Zoom. Regular and special meeting notices shall be posted on the District's website at least twenty-four (24) hours prior to said meeting.
(vi) District's Principal Place of Business	The District's business office address is c/o Public Alliance, 7555 E. Hampden Avenue, Suite 501, Denver, CO 80231.
(vii) Location of Public Notice Postings	The location for official District notices is the District's website at https://www.independencewsd.org/. In the event the website is not available, the designated physical location for posting is 39099 Hancock Parkway, Elizabeth, CO.

(viii) 2025 Election Results	The District's May 6, 2025 regular election was cancelled pursuant to Section 1-13.5-513, C.R.S., because the number of self-nomination forms received by the designated election official did not exceed the number of open positions. Directors Craft, Yates, and Keeley were declared elected by acclamation to four (4) year terms expiring in May 2029.
(ix) Upcoming Elections	The next scheduled District election will take place May 4, 2027.
(x) Board Members Whose Terms are Expiring	In May 2027, the term of Director Roberts and the term associated with the currently vacant seat are scheduled to expire.
(xi) Website Where Election Results are Posted	Election results are posted to the District's website and the Division of Local Government (https://dola.colorado.gov/dlg_lgis_ui_pu/publicTerms.jsf).
(xii) Procedure and Filing Schedule for Nominations for Board Positions	Per C.R.S. 1-13.5-303, self-nomination forms to be a candidate for the office of a special district director shall be obtained from and should be returned to the designated election official. Self-nomination forms for the regular special district election must be received by the designated election official no earlier than January 1 and no later than the normal close of business on the sixty-seventh day before the election.
(xiii) District Boundary Changes	There were no changes to the boundaries of the District in 2025.
(xiv) Significant Policy Changes	There have been no significant changes proposed or made to policies of the District in 2025.
(xv) Intergovernmental Agreements	The District is not currently a party to any Intergovernmental Agreements. [Confirm whether the District entered into or terminated any Intergovernmental Agreements in 2025.]
(xvi) Compliance with Applicable Laws and Regulations	The District is compliant with all applicable laws and regulations.
(xvii) District Website	The District's website address is https://www.independencewsd.org/.
(xviii) Access to Rules and Regulations	Copies of any rules and regulations adopted by the Board may be found on the District's website at https://www.independencewsd.org/.
(xix) Litigation Involving Public Improvements	The District is not aware of any litigation involving public improvements.
(xx) Status of Construction of Public Improvements	There were no Public Improvements constructed in 2025.
(xxi) Facilities or Improvements Conveyed or Dedicated	There were no Facilities or Improvements conveyed or dedicated in 2025.

(xxii) Uncured Defaults	To the District's knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.
(xxiii) Ability to Pay Obligations	To the District's knowledge, the District has been able to pay its obligations as they come due.

Copies of the following District documents are attached to this report:

- 2026 Budget
- 2025 Final Assessed Valuation
- 2026 Certification of Tax Levies
- 2025 Audit

Please direct any questions regarding the District or this report to the District's Manager, Ryan Stevens, at ryan@publicalliancellc.com or 720-213-6621.

EXHIBIT A

2026 Budget

INDEPENDENCE WATER & SANITATION DISTRICT

January 28, 2026

Division of Local Government
Via: E-Filing Portal

RE: Independence Water & Sanitation District
LG ID #66875

Attached is the 2026 Budget for the Independence Water & Sanitation District in Elbert County, Colorado, submitted pursuant to Section 29-1-116, C.R.S. This Budget was adopted on November 20, 2025. If there are any questions on the budget, please contact Mr. Eric Weaver, telephone number 970-926-6060 Ext. 6.

The mill levy certified to the County Commissioners of Elbert County is 0.000 mills for all general operating purposes, subject to statutory and/or TABOR limitations; 0.000 mills for G.O. bonds; 0.000 mills for refund/abatement; and (0.000) mills for Temporary Tax Credit/Mill Levy Reduction. Based on an assessed valuation of $380 the total property tax revenue is $0. A copy of the certification of mill levies sent to the County Commissioners for Elbert County is enclosed.

I hereby certify that the enclosed is a true and accurate copy of the budget and certification of tax levies to the Board of County Commissioners of Elbert County, Colorado.

Sincerely,

Eric Weaver
District Accountant

Enclosure(s)

INDEPENDENCE WATER AND SANITATION DISTRICT

RESOLUTION TO ADOPT 2026 BUDGET

WHEREAS, the Board of Directors (the "**Board**") of the Independence Water and Sanitation District (the "**District**") has appointed a budget committee to prepare and submit a proposed 2026 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted the proposed budget to the Board for its consideration; and

WHEREAS, upon due and proper notice, published in accordance with law, the budget was open for inspection by the public at a designated place, and a public hearing was held on November 20, 2025, and interested electors were given the opportunity to file or register any objections to the budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, enterprise, reserve transfer and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("**TABOR**") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever decreases may have been made in the revenues, like decreases were made to the expenditures so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Independence Water and Sanitation District:

1. That estimated expenditures for each fund are as follows:

Enterprise Fund:	$ 13,168,231
Total	$ 13,168,231

2. That estimated revenues are as follows:

Enterprise Fund:	
From unappropriated surpluses	$4,565,231
From Tap Fees	$5,160,375
From other enterprise revenues	$3,442,625
Total	$13,168,231

3. That the budget, as submitted, amended and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of the District for the 2026 fiscal year.

4. That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the District to all appropriate agencies and is made a part of the public records of the District.

TO APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the District has made provision therein for revenues in an amount equal to the total proposed expenditures as set forth in the budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Independence Water and Sanitation District that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated in the budget:

Enterprise Fund:		$ 13,168,231
	Total	$ 13,168,231

Adopted this 20th day of November, 2025.

INDEPENDENCE WATER AND
SANITATION DISTRICT

By: Signed by: Tim Craft
5DDC16C1FEAA464...
Chair

Attest:

Signed by: JIM YATES
91EFBCD306F8403...
Secretary

INDEPENDENCE WATER & SANITATION DISTRICT

2026

BUDGET MESSAGE

Independence Metropolitan Districts Nos. 1-6, Commercial Metropolitan District, Overlay Metropolitan District, and Water & Sanitation District are quasi-municipal corporations organized and operated pursuant to provisions set forth in the Colorado Special District Act. The Districts were formed with the primary purposes to finance construction of public improvements as defined in the Service Plan and to operate and maintain such public improvements that are not otherwise dedicated or conveyed to other governmental entities.

The Water & Sanitation District is responsible for constructing and operating water and sewer facilities for the community. District No. 3 is responsible for construction of other improvements within the community with funding for debt service on bonds issued by the District to be provided by the District as well as taxes and system development fees from Districts 1, 2, 4, 5, 6, & Commercial. The Overlay District is responsible for providing community-wide services including but not limited to community center and swimming pool operations, landscaping, design review, covenant control, snow removal, trash and recycling, and other services.

The District has no employees and all operations and administrative functions are contracted.

The following budget is prepared using the modified accrual basis of accounting.

BUDGET STRATEGY

The District's strategy in preparing the 2026 budget is to strive to provide the scope of services defined in the service plan in the most economic manner possible.

REVENUE

The District does not certify a mill levy and is instead dependent on various fees to cover the costs of operation, debt service, and to fund reserves. Any shortfalls in funding for operations are anticipated to be funded by developer advances.

EXPENDITURES

The District budgeted for administrative operational expenditures to be accounted for in the operations section of the budget, debt service on bonds issued by the District to be accounted for in the debt service section of the budget, and construction of capital improvements to be account for in the capital projects section of the budget.

Independence Water & Sanitation District
Statement of Net Position
September 30, 2025

	General Fund	Debt Service Fund	Capital Fund	Fixed Assets & LTD	Total
ASSETS					
CASH					
KeyBank Checking	115,467				**115,467**
ColoTrust	964,095				**964,095**
UMB Bond Fund		2,610,968			**2,610,968**
UMB Mandatory Redemption Fund		1,006,437			**1,006,437**
UMB Reserve Fund		1,518,334			**1,518,334**
UMB Project Fund			7,956,928		**7,956,928**
Pooled Cash	(950,609)	950,609	-		-
TOTAL CASH	**128,954**	**6,086,347**	**7,956,928**	**-**	**14,172,228**
OTHER CURRENT ASSETS					
Due From County Treasurer	-				-
Property Tax Receivable	-				-
Utilities Receivable	75,699				**75,699**
Fees Receivable	151,907				**151,907**
Allowance for Doubtful Accounts	0				**0**
Prepaid Expense	-				-
TOTAL OTHER CURRENT ASSETS	**227,605**	**-**	**-**	**-**	**227,605**
FIXED ASSETS					
Construction in Progress				-	-
Capital Improvements Water				9,286,251	**9,286,251**
Capital Improvements Waste Water				4,258,969	**4,258,969**
Capital Improvements Irrigation				142,741	**142,741**
Electric Infrastructure				618	**618**
Engineering Water				380,334	**380,334**
Engineering Waste Water				228,256	**228,256**
Engineering Irrigation				96,085	**96,085**
Accumulated Depreciation				(710,395)	**(710,395)**
Certified Costs				14,708,669	**14,708,669**
Project Management				224,897	**224,897**
Deferred Loss 2019 Bond refunding				331,260	**331,260**
TOTAL FIXED ASSETS	**-**	**-**	**-**	**28,947,686**	**28,947,686**
TOTAL ASSETS	**356,559**	**6,086,347**	**7,956,928**	**28,947,686**	**43,347,519**
LIABILITIES & DEFERRED INFLOWS					
CURRENT LIABILITIES					
Accounts Payable	-				-
TOTAL CURRENT LIABILITIES	**-**	**-**	**-**	**-**	**-**
DEFERRED INFLOWS					
Deferred Property Taxes	-				-
TOTAL DEFERRED INFLOWS	**-**	**-**	**-**	**-**	**-**
LONG-TERM LIABILITIES					
Bond Payable- Series 2024				29,750,000	**29,750,000**
Series 2024 Bond Discount , Net of Amort.				(523,898)	**(523,898)**
Developer Payable- Capital				820,287	**820,287**
Developer Payable- Operations				-	-
Accrued Int- Series 2024 Bonds				127,057	**127,057**
Accrued Int- Developer Payable- Ops				-	-
Accrued Int- Developer Payable- Cap				3,588	**3,588**
TOTAL LONG-TERM LIABILITIES	**-**	**-**	**-**	**30,177,034**	**30,177,034**
TOTAL LIAB & DEF INFLOWS	**-**	**-**	**-**	**30,177,034**	**30,177,034**
NET POSITION					
Inv in Capital Assets				28,947,686	**28,947,686**
Amount to be Provided for Debt				(30,177,034)	**(30,177,034)**
Fund Balance- Non-Spendable	-				-
Fund Balance- Restricted		6,086,347	7,956,928		**14,043,274**
Fund Balance- Unassigned	356,559				**356,559**
TOTAL NET POSITION	**356,559**	**6,086,347**	**7,956,928**	**(1,229,349)**	**13,170,485**
	=	=	=	=	=

No assurance is provided on these financial statements; substantially all disclosures required by GAAP omitted.

Independence Water & Sanitation District
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 1/28/26

	2024 Audited Actual	2025 Adopted Budget	2025 Amended Budget	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Positive (Negative)	2026 Adopted Budget	Budget Notes/Assumptions
COMBINED FUNDS									
REVENUE									
Tap Fees Pledged to Debt	8,253,794	6,000,000	4,571,875	4,206,125	3,029,425	4,500,000	(1,470,575)	5,160,375	Estimate Based on # of Units X Rate Per Unit
Other Fees Pledged to Debt	752,023	350,000	260,000	250,700	212,469	262,500	(50,031)	313,875	Estimate Based on # of Units X Rate Per Unit
User Fees For Operations	950,800	1,236,750	1,249,250	1,177,580	890,512	927,563	(37,051)	1,382,750	Additional Units & Fee Increases
Transfer From District No. 3	962,671	-	296,088	296,088	-	-	-	264,000	Impact Fees Transferred From District No. 3
Interest & Other Income	409,287	200,000	590,000	620,000	475,658	150,000	325,658	455,000	Investment of Funds on Hand
TOTAL REVENUE	**11,328,574**	**7,786,750**	**6,967,213**	**6,550,493**	**4,608,064**	**5,840,063**	**(1,231,999)**	**7,576,000**	
EXPENDITURES									
Operations									
Administration	114,978	97,500	122,500	128,971	81,248	77,125	(4,123)	206,850	See Operations Fund Detail
Water Operations	899,541	821,500	866,500	835,378	603,015	616,125	13,110	1,055,100	See Operations Fund Detail
Sewer Operations	353,896	606,100	651,100	549,578	347,930	439,575	91,645	750,000	See Operations Fund Detail
Irrigation Operations	324,037	320,500	365,500	321,278	238,199	240,375	2,176	427,500	See Operations Fund Detail
Debt Service							-		
Bond Interest	1,512,905	1,400,000	1,448,453	1,448,453	686,109	700,000	13,891	1,376,370	See Debt Service Fund
Bond Principal	19,016,000	2,500,000	2,894,000	2,894,000	-	-	-	5,460,000	See Debt Service Fund
Debt Issuance Costs, Trustee Fees, & Other	1,199,081	21,500	21,500	11,000	5,613	16,125	10,512	10,250	See Debt Service Fund
Contingency	-	-	100,000	-	-	-	-	-	Unforeseen Needs
Capital Outlay	4,539,258	6,500,000	13,240,661	9,922,500	628,340	4,875,000	4,246,660	3,882,161	See Capital Fund
TOTAL EXPENDITURES	**27,959,696**	**12,267,100**	**19,710,214**	**16,111,158**	**2,590,456**	**6,964,325**	**4,373,869**	**13,168,231**	
REVENUE OVER / (UNDER) EXPENDITURES	**(16,631,122)**	**(4,480,350)**	**(12,743,001)**	**(9,560,665)**	**2,017,608**	**(1,124,263)**	**3,141,870**	**(5,592,231)**	
OTHER SOURCES / (USES)									
Developer Advances	985,000	300,000	940,000	798,000	731,100	225,000	506,100	1,027,000	Estimated Funding Needed
Bond Proceeds & Premium/ Discount	29,226,102	-	-	-	-	-	-	-	No Bond Issuance Anticipated
Developer Repayments	(2,483,007)	-	-	-	(4,245,720)	-	(4,245,720)	-	See Capital Fund
TOTAL OTHER SOURCES / (USES)	**27,728,095**	**300,000**	**940,000**	**798,000**	**(3,514,620)**	**225,000**	**(3,739,620)**	**1,027,000**	
CHANGE IN FUND BALANCE	**11,096,973**	**(4,180,350)**	**(11,803,001)**	**(8,762,665)**	**(1,497,012)**	**(899,263)**	**(597,749)**	**(4,565,231)**	
BEGINNING FUND BALANCE	**4,799,872**	**20,437,942**	**15,896,845**	**15,896,845**	**15,896,845**	**20,437,942**	**(4,541,097)**	**7,134,180**	
ENDING FUND BALANCE	**15,896,845**	**16,257,592**	**4,093,844**	**7,134,180**	**14,399,833**	**19,538,680**	**(5,138,846)**	**2,568,949**	
	=	=	=	=	=	=	=	=	
COMPONENTS OF FUND BALANCE		-		-	-				
Non-Spendable	81,833	-	1,500	90,000	-			92,000	Prepaid Insurance
Restricted For Debt Service	3,422,643	6,028,500	3,943,065	3,666,015	6,086,347			2,418,645	See Debt Service Fund
Restricted for Capital Projects	12,324,573	9,600,000	0	3,318,161	7,956,928			-	See Capital Fund
Unassigned	67,796	629,092	149,279	60,004	356,559			58,304	
TOTAL ENDING FUND BALANCE	**15,896,845**	**16,257,592**	**4,093,844**	**7,134,180**	**14,399,833**			**2,568,949**	
	=	=	=	=	=			=	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Independence Water & Sanitation District
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Print Date: 1/28/26

	2024 Audited Actual	2025 Adopted Budget	2025 Amended Budget	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Positive (Negative)	2026 Adopted Budget	Budget Notes/Assumptions
OPERATIONS									
REVENUE									
Builder Construction Water Fee	22,500	15,000	15,000	9,000	8,300	11,250	(2,950)	9,000	Based on 2025 Forecast
Bulk Water Sales	-	-	-	2,000	1,872	-	1,872	2,000	Based on 2025 Forecast
Storm Drainage Account Set-Up Fees	4,350	3,750	3,750	4,750	3,550	2,813	738	4,750	Based on 2025 Forecast
Storm Drainage Maintenance Fees	23,750	27,500	27,500	10,000	7,000	20,625	(13,625)	10,000	Based on 2025 Forecast
Potable Water Base Rate	295,096	460,000	460,000	445,000	333,565	345,000	(11,435)	477,000	Additional Units & Fee Increases
Irrigation Water Base Rate	76,105	110,000	110,000	110,000	83,502	82,500	1,002	118,000	Additional Units & Fee Increases
Irrigation Water Use	38,379	50,000	50,000	50,000	38,765	37,500	1,265	55,000	Additional Units & Fee Increases
Water Meters	194,650	150,000	150,000	110,000	82,507	112,500	(29,993)	250,000	To Offset Cost of Meters
Wastewater Service Charges	272,397	415,000	415,000	410,000	307,906	311,250	(3,344)	440,000	Additional Units & Fee Increases
Late Fees	6,610	-	-	10,000	8,052	-	8,052	10,000	Based on 2025 Forecast
Title Request	500	500	500	1,500	1,150	375	775	1,500	Based on 2025 Forecast
Status Letter Fee	15,056	5,000	5,000	5,500	4,512	3,750	762	5,500	Based on 2025 Forecast
Safety Grant	1,406	-	-	-	-	-	-	-	
Reimbursement Curb Repair	-	-	-	9,830	9,830	-	9,830	-	None Anticipated
Interest Income	55,055	-	-	30,000	23,750	-	23,750	30,000	Based on 2025 Forecast
TOTAL REVENUE	**1,005,854**	**1,236,750**	**1,236,750**	**1,207,580**	**914,261**	**927,563**	**(13,301)**	**1,412,750**	
EXPENDITURES									
Administration									
Accounting	-	-	25,000	25,000	-	-	-	60,000	M&W Estimate
Audit	10,500	12,000	12,000	11,000	11,000	12,000	1,000	11,350	Per Engagement Letter
District Management	83,150	60,000	60,000	70,000	53,563	45,000	(8,563)	70,000	Based on 2025 Forecast
Legal	17,529	15,000	15,000	15,000	10,258	11,250	992	15,000	Based on 2025 Forecast
Office Supplies, Bill.com Fees, Other	-	-	-	300	(99)	-	99	2,000	Bill.com & Other Misc
Election	-	2,000	2,000	433	433	2,000	1,568	500	Prep Work for 2027 Election
SDA Dues	1,238	2,000	2,000	1,238	1,238	2,000	763	1,500	Based on 2025 Forecast
Website	860	1,500	1,500	1,500	1,080	1,125	45	1,500	Based on 2025 Forecast
Engineering	1,702	-	-	4,500	3,777	-	(3,777)	20,000	Includes Rate Study
Contingency		5,000	5,000	-		3,750	3,750	25,000	Unforeseen Needs
Total Administration	**114,978**	**97,500**	**122,500**	**128,971**	**81,248**	**77,125**	**(4,123)**	**206,850**	

	2024 Audited Actual	2025 Adopted Budget	2025 Amended Budget	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Positive (Negative)	2026 Adopted Budget	Budget Notes/Assumptions
OPERATIONS (CONTINUED)									
EXPENDITURES (CONTINUED)									
Water Operations									
Chemicals	16,197	18,000	18,000	18,000	11,950	13,500	1,550	20,000	Increased Cost
Dues & Subscriptions-Water	1,999	2,400	2,400	8,000	7,800	1,800	(6,000)	8,000	Based on 2025 Forecast
Engineering-Water	-	60,000	60,000	80,000	59,954	45,000	(14,954)	80,000	Based on 2025 Forecast
Equipment	-	100,000	100,000	5,000	95	75,000	74,905	50,000	SCADA System & Other, Split with Sewer
Equipment Rental	346,210	80,000	80,000	70,000	52,108	60,000	7,892	70,000	Based on 2025 Forecast
Generator Maintenance	36,971	20,000	20,000	35,000	24,022	15,000	(9,022)	35,000	Based on 2025 Forecast
Inspections	-	-	-	-	-	-	-	-	Based on 2025 Forecast
Insurance-Water	22,955	28,000	28,000	27,278	27,278	21,000	(6,278)	30,000	Based on 2025 Forecast
Lab Analysis	2,863	8,000	8,000	2,500	1,323	6,000	4,677	8,500	New Requirements & New Testing
Landscaping Maintenance	22,057	7,500	7,500	4,000	1,622	5,625	4,003	4,000	Based on 2025 Forecast
Legal-Water	5,760	5,000	5,000	15,000	11,789	3,750	(8,039)	15,000	Based on 2025 Forecast
Legal-Water Rights	23,396	5,000	5,000	3,000	-	3,750	3,750	3,000	Based on 2025 Forecast
Locates	28,718	28,000	28,000	25,000	17,917	21,000	3,083	25,000	Based on 2025 Forecast
Meter Reading	5,547	7,000	7,000	7,500	5,747	5,250	(497)	7,500	Based on 2025 Forecast
Office Expenses	-	-	-	-	-	-	-	-	Based on 2025 Forecast
Operations Contract	59,745	75,000	75,000	72,000	48,000	56,250	8,250	80,000	$20K/ Month, Split Btwn Water, Sewer, & Irrig
Permit Fees	807	1,500	1,500	1,500	-	1,125	1,125	1,500	Based on 2025 Forecast
Project Management	-	-	-	-	-	-	-	-	Based on 2025 Forecast
Repairs & Maintenance	77,399	85,000	85,000	45,000	23,913	63,750	39,837	65,000	Based on 2025 Forecast
Telephone	1,557	1,500	1,500	2,000	1,518	1,125	(393)	2,000	Based on 2025 Forecast
Tools & Supplies	57,746	75,000	75,000	75,000	38,129	56,250	18,121	75,000	Based on 2025 Forecast
Trash	1,400	1,600	1,600	1,600	1,037	1,200	163	1,600	Based on 2025 Forecast
Utilities	25,228	110,000	110,000	75,000	49,354	82,500	33,146	85,000	Based on 2025 Forecast
Utility Billing	9,081	8,000	8,000	13,000	9,333	6,000	(3,333)	14,000	Based on 2025 Forecast
Water Meters & Assoc Equipment	105,550	50,000	50,000	100,000	61,471	37,500	(23,971)	125,000	Increased Need and Cost
Well Maintenance	18,638	40,000	40,000	150,000	148,657	30,000	(118,657)	150,000	Based on 2025 Forecast
Storm Drainage Maintenance	16,875	-	-	-	-	-	-	50,000	Estimated Need
Conveyance of Capital Assets	12,843	-	-	-	-	-	-	-	
Contingency		5,000	50,000	-		3,750	3,750	50,000	Unforeseen Needs
Total Water Operations	**899,541**	**821,500**	**866,500**	**835,378**	**603,015**	**616,125**	**13,110**	**1,055,100**	

	2024 Audited Actual	2025 Adopted Budget	2025 Amended Budget	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Positive (Negative)	2026 Adopted Budget	Budget Notes/Assumptions
OPERATIONS (CONTINUED)									
EXPENDITURES (CONTINUED)									
Sewer Operations									
Chemicals	32,828	30,000	30,000	30,000	20,460	22,500	2,040	32,000	Increased Cost
Dues & Subscriptions	-	1,000	1,000	1,000	-	750	750	4,000	Increase due to SCADA System
Engineering	-	50,000	50,000	75,000	56,216	37,500	(18,716)	75,000	Based on 2025 Forecast
Equipment	-	20,000	20,000	12,000	3,643	15,000	11,357	50,000	SCADA System & Other, Split with Water
Equipment Rental	-	25,000	25,000	10,000	-	18,750	18,750	20,000	Based on 2025 Forecast
Generator Maintenance	-	6,000	6,000	25,000	19,669	4,500	(15,169)	20,000	General Maintenance
Insurance	22,955	28,000	28,000	27,278	27,278	21,000	(6,278)	30,000	Based on 2025 Forecast
Lab Supplies/Analysis	7,395	7,500	7,500	4,000	2,479	5,625	3,146	5,000	Based on 2025 Forecast
Landscaping Maintenance	17,793	10,000	10,000	-	-	7,500	7,500	1,000	Based on 2025 Forecast
Legal	-	-	-	-	-	-	-	-	Based on 2025 Forecast
Locates	15,440	20,000	20,000	20,000	15,209	15,000	(209)	20,000	Based on 2025 Forecast
Office Expenses	-	-	-	-	-	-	-	-	Based on 2025 Forecast
Operations Contract	55,469	75,000	75,000	72,000	48,000	56,250	8,250	80,000	$20K/ Month, Split Btwn Water, Sewer, & Irrig
Permit Fees	1,025	2,500	2,500	2,500	-	1,875	1,875	2,500	Based on 2025 Forecast
Repairs & Maintenance	41,902	75,000	75,000	25,000	11,421	56,250	44,829	40,000	Estimated Need
Sludge Disposal	138,462	150,000	150,000	150,000	95,328	112,500	17,172	195,000	Increase in Hauling Costs
Telephone	1,401	1,500	1,500	600	525	1,125	600	1,000	Based on 2025 Forecast
Tools & Supplies	1,481	30,000	30,000	10,000	4,732	22,500	17,768	15,000	Based on 2025 Forecast
Trash	1,400	1,600	1,600	1,200	886	1,200	314	1,500	Based on 2025 Forecast
Utilities	6,799	40,000	40,000	50,000	32,751	30,000	(2,751)	55,000	Based on 2025 Forecast
Utility Billing	9,081	8,000	8,000	14,000	9,333	6,000	(3,333)	16,000	Based on 2025 Forecast
Video/Jetting	-	20,000	20,000	20,000	-	-	-	37,000	Estimated Need
Meter Reading	466	-	-	-	-	-	-	-	Based on 2025 Forecast
Depreciation	-	-	-	-	-	-	-	-	Based on 2025 Forecast
Contingency		5,000	50,000	-		3,750	3,750	50,000	Unforeseen Needs
Total Sewer Operations	**353,896**	**606,100**	**651,100**	**549,578**	**347,930**	**439,575**	**91,645**	**750,000**	

	2024 Audited Actual	2025 Adopted Budget	2025 Amended Budget	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Positive (Negative)	2026 Adopted Budget	Budget Notes/Assumptions
OPERATIONS (CONTINUED)									
EXPENDITURES (CONTINUED)									
Irrigation Operations									
Chemicals	4,528	6,000	6,000	6,000	4,746	4,500	(246)	10,000	Increased Cost
Engineering	-	25,000	25,000	20,000	10,827	18,750	7,923	20,000	Based on 2025 Forecast
Equipment	-	-	-	1,000	534	-	(534)	2,000	Based on 2025 Forecast
Insurance	22,955	30,000	30,000	27,278	27,278	22,500	(4,778)	30,000	Based on 2025 Forecast
Lab Analysis	-	-	-	500	170	-	(170)	500	Based on 2025 Forecast
Landscaping Maintenance	10,750	7,500	7,500	-	-	5,625	5,625	5,000	Based on 2025 Forecast
Legal	-	-	-	-	-	-	-	-	Based on 2025 Forecast
Locates	12,348	10,000	10,000	15,000	10,773	7,500	(3,273)	16,000	Based on 2025 Forecast
Irrigation	-	-	-	-	-	-	-	-	Based on 2025 Forecast
Meter Reading	4,875	7,000	7,000	4,000	2,859	5,250	2,391	7,000	Based on 2025 Forecast
Office Expenses	-	-	-	-	-	-	-	-	Based on 2025 Forecast
Operations Contract	56,517	65,000	65,000	72,000	48,000	48,750	750	80,000	$20K/ Month, Split Btwn Water, Sewer, & Irrig
Permit Fees	750	5,000	5,000	1,000	-	3,750	3,750	1,000	Based on 2025 Forecast
Repairs & Maintenance	145,838	75,000	75,000	75,000	65,504	56,250	(9,254)	50,000	Estimated Need
Tools & Supplies	11,089	15,000	15,000	2,500	640	11,250	10,610	10,000	Based on 2025 Forecast
Utilities	157	15,000	15,000	7,000	4,200	11,250	7,050	12,000	Based on 2025 Forecast
Utility Billing	-	5,000	5,000	5,000	-	3,750	3,750	9,000	Based on 2025 Forecast
Water Meters & Assoc Equipment	54,231	50,000	50,000	85,000	62,668	37,500	(25,168)	125,000	Increased Need and Cost
Contingency		5,000	50,000	-		3,750	3,750	50,000	Unforeseen Needs
Total Irrigation Operations	**324,037**	**320,500**	**365,500**	**321,278**	**238,199**	**240,375**	**2,176**	**427,500**	
TOTAL EXPENDITURES	**1,692,452**	**1,845,600**	**2,005,600**	**1,835,205**	**1,270,393**	**1,373,200**	**102,807**	**2,439,450**	
REVENUE OVER / (UNDER) EXPENDITURES	**(686,598)**	**(608,850)**	**(768,850)**	**(627,625)**	**(356,132)**	**(445,638)**	**89,506**	**(1,026,700)**	
OTHER SOURCES / (USES)									
Transfers In/(Out)	(1,854,193)	-	(170,000)	(170,000)	(168,038)	-	(168,038)	-	Transfer to Capital Fund
Developer Advance	985,000	300,000	940,000	798,000	731,100	225,000	506,100	1,027,000	Estimated Funding Needed
TOTAL OTHER SOURCES / (USES)	**(869,193)**	**300,000**	**770,000**	**628,000**	**563,062**	**225,000**	**338,062**	**1,027,000**	
CHANGE IN FUND BALANCE	**(1,555,790)**	**(308,850)**	**1,150**	**375**	**206,930**	**(220,638)**	**427,568**	**300**	
BEGINNING FUND BALANCE	**1,705,419**	**937,942**	**149,629**	**149,629**	**149,629**	**937,942**	**(788,313)**	**150,004**	
ENDING FUND BALANCE	**149,629**	**629,092**	**150,779**	**150,004**	**356,559**	**717,305**	**(360,746)**	**150,304**	
		=	=		=	=	=	=	

Statement of Revenues, Expenditures, & Changes In Fund Balance

Modified Accrual Basis For the Period Indicated

	2024 Audited Actual	2025 Adopted Budget	2025 Amended Budget	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Positive (Negative)	2026 Adopted Budget	Budget Notes/Assumptions
DEBT SERVICE									
Number of Building Permits									
Residential		182	125	115				135	Developer Estimate
Commercial- 1.5"			-	-				-	Developer Estimate
Commercial- 2"			-	-				-	Developer Estimate
Fees Per Building Permit									
Residential Tap Fee	35,000	36,575	36,575	36,575				38,225	$35K in 2024- Increased 4.5% Per Year
Commercial Tap Fee- 1.5"	85,000	88,825	88,825	88,825				92,825	$85K in 2024- Increased 4.5% Per Year
Commercial Tap Fee- 2"	130,000	135,850	135,850	135,850				141,965	$130K in 2024- Increased 4.5% Per Year
Storm Drainage Facility Fees	2,000	2,080	2,080	2,080				2,175	Minimum $2,000 Per Unit Required By Bond Docs
Potable Water Use	100	100	100	100				150	Minimum $100 Per Unit Required By Bond Docs
REVENUE									
Tap Fees	8,253,794	6,000,000	4,571,875	4,206,125	3,029,425	4,500,000	(1,470,575)	5,160,375	Estimate Based on # of Units X Rate Per Unit
Storm Drainage Facility Fees	737,517	330,000	260,000	239,200	195,409	247,500	(52,091)	293,625	Estimate Based on # of Units X Rate Per Unit
Potable Water Use Fees	14,506	20,000	12,500	11,500	17,061	15,000	2,061	20,250	Estimate Based on # of Units X Rate Per Unit
Interest Income	335,201	100,000	140,000	140,000	113,532	75,000	38,532	125,000	Based on 2025 Forecast
TOTAL REVENUE	**9,341,018**	**6,450,000**	**4,984,375**	**4,596,825**	**3,355,426**	**4,837,500**	**(1,482,074)**	**5,599,250**	
EXPENDITURES									
Bond Interest	1,512,905	1,400,000	1,448,453	1,448,453	686,109	700,000	13,891	1,376,370	Estimated Current Interest Due
Bond Principal	19,016,000	2,500,000	2,894,000	2,894,000	-	-	-	5,460,000	Estimated Funds Available
Legal	-	1,500	1,500	-	-	1,125	1,125	-	
Trustee Fees	4,095	6,000	6,000	4,000	-	4,500	4,500	4,000	Annual Fee
Bank Fees	16,348	14,000	14,000	7,000	5,613	10,500	4,887	6,250	5% of Interest Income
Contingency	-		100,000			-	-	-	Unforeseen Needs
TOTAL EXPENDITURES	**20,549,348**	**3,921,500**	**4,463,953**	**4,353,453**	**691,723**	**716,125**	**24,402**	**6,846,620**	
REVENUE OVER / (UNDER) EXPENDITURES	**(11,208,330)**	**2,528,500**	**520,422**	**243,372**	**2,663,704**	**4,121,375**	**(1,457,671)**	**(1,247,370)**	
OTHER SOURCES / (USES)									
Transfers In/(Out)	(16,510,943)	-	-	-	-	-	-	-	
Bond Proceeds	29,750,000	-	-	-	-	-	-	-	No Bond Issuance Anticipated
Bond Premium (Discount)	(523,898)	-	-	-	-	-	-	-	No Bond Issuance Anticipated
Cost of Issuance	(1,178,638)	-	-	-	-	-	-	-	No Bond Issuance Anticipated
TOTAL OTHER SOURCES / (USES)	**11,536,520**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
CHANGE IN FUND BALANCE	**328,190**	**2,528,500**	**520,422**	**243,372**	**2,663,704**	**4,121,375**	**(1,457,671)**	**(1,247,370)**	
BEGINNING FUND BALANCE	3,094,453	**3,500,000**	**3,422,643**	**3,422,643**	**3,422,643**	**3,500,000**	**(77,357)**	**3,666,015**	
ENDING FUND BALANCE	**3,422,643**	**6,028,500**	**3,943,065**	**3,666,015**	**6,086,347**	**7,621,375**	**(1,535,028)**	**2,418,645**	
		=	=		=	=	=	=	
COMPONENTS OF FUND BALANCE:									
Reserve Fund	1,489,244	1,487,000	1,487,000	1,487,000	1,518,334			1,487,000	Required Reserve Per Bond Documents
Bond Payment Fund	1,933,400	4,541,500	2,456,065	2,179,015	3,617,404			931,645	Funds Collected After 11/1 Cutoff Date
Internal Balances		-	-	-	950,609			-	
TOTAL ENDING FUND BALANCE	**3,422,643**	**6,028,500**	**3,943,065**	**3,666,015**	**6,086,347**			**2,418,645**	
	=	=	=	=	=			=	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

	2024 Audited Actual	2025 Adopted Budget	2025 Amended Budget	2025 Forecast	YTD Thru 09/30/25 Actual	YTD Thru 09/30/25 Budget	Variance Positive (Negative)	2026 Adopted Budget	Budget Notes/Assumptions
CAPITAL PROJECTS									
REVENUE									
Interest Income	19,032	100,000	450,000	450,000	338,376	75,000	263,376	300,000	Decrease in Cash Earning Interest
Transfer From Independence #3	962,671	-	296,088	296,088	-	-	-	264,000	Impact Fees Transferred From District No. 3
TOTAL REVENUE	**981,702**	**100,000**	**746,088**	**746,088**	**338,376**	**75,000**	**263,376**	**564,000**	
EXPENDITURES									
Bank & Trustee Fees	-	-	22,500	22,500	18,548	-	(18,548)	15,000	5% of Interest Income
Capital- Water	4,449,368	3,500,000	5,400,000	5,400,000	609,793	2,625,000	2,015,207	1,700,000	Developer Estimate
Capital- Sewer	61,236	1,000,000	1,500,000	1,500,000	-	750,000	750,000	1,700,000	Developer Estimate
Capital-Irrigation	28,654	2,000,000	3,000,000	3,000,000	-	1,500,000	1,500,000	450,000	Developer Estimate
Contingency			3,318,161	-		-	-	17,161	Unforeseen Needs- Remaining Bond Funds
TOTAL EXPENDITURES	**4,539,258**	**6,500,000**	**13,240,661**	**9,922,500**	**628,340**	**4,875,000**	**4,246,660**	**3,882,161**	
REVENUE OVER / (UNDER) EXPENDITURES	**(3,557,556)**	**(6,400,000)**	**(12,494,573)**	**(9,176,412)**	**(289,964)**	**(4,800,000)**	**4,510,036**	**(3,318,161)**	
OTHER SOURCES / (USES)									
Transfers In/(Out)	18,365,136	-	170,000	170,000	168,038	-	168,038	-	
Developer Repayment- Principal	(2,483,007)	-	-	-	(4,245,720)	-	(4,245,720)	-	Will be Reclassed to Applicable Capital Expenses
Developer Repayment-Interest	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	**15,882,129**	**-**	**170,000**	**170,000**	**(4,077,681)**	**-**	**(4,077,681)**	**-**	
CHANGE IN FUND BALANCE	**12,324,573**	**(6,400,000)**	**(12,324,573)**	**(9,006,412)**	**(4,367,646)**	**(4,800,000)**	**432,354**	**(3,318,161)**	
BEGINNING FUND BALANCE	**-**	**16,000,000**	**12,324,573**	**12,324,573**	**12,324,573**	**16,000,000**	**(3,675,427)**	**3,318,161**	
ENDING FUND BALANCE	**12,324,573**	**9,600,000**	**0**	**3,318,161**	**7,956,928**	**11,200,000**	**(3,243,072)**	**-**	
	=	=	=		=	=	=	=	

4435 County Tax entity code DOLA LGID/SID 66875

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners[1] of Elbert County , Colorado.

On behalf of the Independence Water & Sanitation District
(taxing entity)[A]

the Board of Directors
(governing body)[B]

of the Independence Water & Sanitation District
(local government)[C]

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: $ 380
(Gross[D] assessed valuation, Line 2 of the Certification of Valuation From DLG 57[E])

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area[F] the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: $ 380
(NET[G] assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: *12/5/2025* for budget/fiscal year *2026* .
(not later than Dec 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	**LEVY[2]**		**REVENUE[2]**
1. General Operating Expenses[H]	0.000	mills	-
2. **<Minus>** Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction[I]	0.000	mills	-
SUBTOTAL FOR GENERAL OPERATING:	0.000	**mills**	-
3. General Obligation Bonds and Interest[J]	0.000	mills	-
4. Contractual Obligations[K]	0.000	mills	-
5. Capital Expenditures[L]	0.000	mills	-
6. Refunds/Abatements[M]	0.000	mills	-
7. Other[N] (specify):	0.000	mills	-
	0.000	mills	-
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	0.000	**mills**	-

Contact person: (print) Eric Weaver

Daytime phone: (970) 926-6060 x6

Signed: Eric Weaver

Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S. with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, Colorado 80203. Questions? Call DLG (303) 864-7720.

[1] If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

[2] Levies must be rounded to three decimal places and revenue must be calculated from the total *NET assessed valuation* (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

EXHIBIT B

2025 Final Assessed Valuation

________ County Tax Entity Code

RECERTIFICATION OF VALUATION BY
Elbert County COUNTY ASSESSOR

DOLA LGID/SID ________

New Tax Entity? [ ] YES [X] NO

Date 11/25/2025

NAME OF TAX ENTITY: INDEPENDENCE WATER & SANITATION DIST

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) and 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2025:

1.	PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	$3,980
2.	CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	$380
3.	LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	$0
4.	CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	$380
5.	NEW CONSTRUCTION: *	5.	$0
6.	INCREASED PRODUCTION OF PRODUCING MINE: ≈	6.	$0
7.	ANNEXATIONS/INCLUSIONS:	7.	$0
8.	PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈	8.	$0
9.	NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): Φ	9.	$0
10.	TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a), C.R.S.). Includes all revenue collected on valuation not previously certified:	10.	$$0.00
11.	TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.):	11.	$$0.00

‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution

* New Construction is defined as: Taxable real property structures and the personal property connected with the structure.

≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.

Φ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART.X, SEC.20, COLO. CONSTUTION AND 39-5-121(2)(b), C.R.S., THE Elbert County ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2025:

1.	CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	$1,400
	ADDITIONS TO TAXABLE REAL PROPERTY		
2.	CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: *	2.	$0
3.	ANNEXATIONS/INCLUSIONS:	3.	$0
4.	INCREASED MINING PRODUCTION: §	4.	$0
5.	PREVIOUSLY EXEMPT PROPERTY:	5.	$0
6.	OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	$0
7.	TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.):	7.	$0
	DELETIONS FROM TAXABLE REAL PROPERTY		
8.	DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	8.	$0
9.	DISCONNECTIONS/EXCLUSIONS:	9.	$0
10.	PREVIOUSLY TAXABLE PROPERTY:	10.	$0

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.

* Construction is defined as newly constructed taxable real property structures.

§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:
TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY **$1,400**

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:
HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): ** **$0**

** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED to the COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

USE FOR STATUTORY PROPERTY TAX LIMIT CALCULATION ("5.25%" LIMIT)

IN ACCORDANCE WITH §§ 39-5-121(2)(a) and 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2025 :

1.	CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION:	1.	$380
2.	LESS TOTAL TIF AREA INCREMENTS, IF ANY:	2.	$0
3.	CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	3.	$380
4.	NEW CONSTRUCTION:	4.	$0
5.	ANNEXATIONS/INCLUSIONS:	5.	$0
6.	PREVIOUSLY EXEMPT PROPERTY:	6.	$0
7.	TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(A),C.R.S). Includes all revenue collected on valuation not previously certified:	7.	$$0.00
8.	INCREASED VALUATION FOR ASSESSMENT ATTRIBUTABLE TO A CHANGE IN LAW FOR A PROPERTY TAX CLASSIFICATION* (29-1-306(3)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.):	8.	$0
9.	TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) AND (39-10-114(1)(a)(I)(B), C.R.S):	9.	$$0.00
10.	TOTAL VALUATION FOR ASSESSMENT FROM PRODUCING MINES OR LANDS OR LEASEHOLDS PRODUCING OIL OR GAS	10.	$0
11.	REVENUE INCREASE FROM EXPIRED TIF:	11.	$0

* Change in law for property tax classification does not include changes in classification due to property use changes.

Note:
The property tax limit will apply to all property taxing entities with the exception of school districts and any county, city and county, city, or town that has adopted a home rule charter (29-1-306(1)(b), C.R.S.). The revenue limit applies to any property taxing entities that have authority to exceed current 5.5% and the TABOR limit.

The Division of Local Government ("the Division") has developed technical assistance resources to assist taxing entities with the calculation of the property tax limit available online here (https://dlg.colorado.gov/budget-information-and-resources). Please understand that the Division has no statutory or administrative role in calculating or enforcing the property tax limit, and each taxing entity's revenue limits and voter approval history may be unique. The technical assistance resources provided by the Division with regard to the property tax limit are not definitive and not legal advice. Taxing entities may choose to calculate the property tax limit with a methodology that is different from the methodology presented in the Division's technical assistance resources. The Division always recommends that taxing entities consult with an attorney in order to understand and apply the various statutory and constitutional revenue limits that may apply to that taxing entity.

NOTE: ALL LEVIES MUST BE CERTIFIED to the COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

EXHIBIT C

2026 Certification of Tax Levies

4435 County Tax entity code | DOLA LGID/SID 66875

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners[1] of Elbert County, Colorado.

On behalf of the Independence Water & Sanitation District
(taxing entity)[A]

the Board of Directors
(governing body)[B]

of the Independence Water & Sanitation District
(local government)[C]

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: $ 380
(Gross[D] assessed valuation, Line 2 of the Certification of Valuation From DLG 57[E])

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area[F] the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: $ 380
(NET[G] assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: *12/5/2025* (mm/dd/yyyy) for budget/fiscal year *2026* (yyyy).
(not later than Dec 15)

PURPOSE (see end notes for definitions and examples)	**LEVY**[2]		**REVENUE**[2]
1. General Operating Expenses[H]	0.000	mills	-
2. **<Minus>** Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction[I]	0.000	mills	-
SUBTOTAL FOR GENERAL OPERATING:	0.000	**mills**	-
3. General Obligation Bonds and Interest[J]	0.000	mills	-
4. Contractual Obligations[K]	0.000	mills	-
5. Capital Expenditures[L]	0.000	mills	-
6. Refunds/Abatements[M]	0.000	mills	-
7. Other[N] (specify):	0.000	mills	-
	0.000	mills	-
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	0.000	**mills**	-

Contact person: (print) Eric Weaver
Daytime phone: (970) 926-6060 x6

Signed: Eric Weaver
Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S. with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, Colorado 80203. Questions? Call DLG (303) 864-7720.

[1] If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

[2] Levies must be rounded to three decimal places and revenue must be calculated from the total *NET assessed valuation* (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

EXHIBIT D

2025 Audit

INDEPENDENCE WATER & SANITATION DISTRICT
BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

TABLE OF C O N T E N T S

THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Independence Water & Sanitation District
Elbert County, Colorado

Opinion
We have audited the accompanying financial statements of the business-type activities of Independence Water & Sanitation District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Independence Water & Sanitation 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 the business-type activities of Independence Water & Sanitation District as of December 31, 2025, and the respective changes in 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 Opinion
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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independence Water & Sanitation 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 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 Independence Water & Sanitation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Independence Water & Sanitation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Independence Water & Sanitation 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 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 Independence Water & Sanitation District's basic financial statements. The supplementary information 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Adams Group, LLC

Greenwood Village, Colorado
June 19, 2026

INDEPENDENCE WATER & SANITATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

Assets	
Current assets	
Cash and investments	$ 1,108,963
Cash and investments - restricted	8,635,906
Utilities receivable	115,241
Prepaid expenses	87,497
Total current assets	9,947,607
Noncurrent assets	
Capital assets not being depreciated	22,824,332
Capital assets being depreciated, net	13,327,470
Total noncurrent assets	36,151,802
Total assets	46,099,409
Deferred Outflows of Resources	
Deferred loss on bond refunding, net	294,453
Liabilities	
Current liabilities	
Accounts payable	255,419
Due to Independence Overlay	186,646
Accrued interest payable	270,089
Total current liabilities	712,154
Noncurrent liabilities	
Bonds payable	26,390,313
Developer advances	2,304,499
Total noncurrent liabilities	28,694,812
Total liabilities	29,406,966
Net position	
Net investment in capital assets	14,989,131
Restricted for debt service	3,143,819
Unrestricted (deficit)	(1,146,054)
Total net position	$ 16,986,896

The notes are an integral part of these financial statements.

INDEPENDENCE WATER & SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025

Operating revenues	
Water service fees	$ 1,232,357
Miscellaneous income	28,806
Total operating revenues	1,261,163
Operating expenses	
Distribution	815,202
Administration and general	245,785
Engineering	337,133
Miscellaneous	48,762
Repairs and maintenance	585,820
Depreciation	371,634
Total operating expenses	2,404,336
Operating loss	(1,143,173)
Nonoperating revenues (expenses)	
Interest income	597,350
Intergovernmental	296,088
Interest expense	(1,682,915)
Total nonoperating revenues (expenses)	(789,477)
Net loss before contributions	(1,932,650)
Capital contributions	4,252,050
Change in net position	2,319,400
Net position, beginning of year	14,667,496
Net position, end of year	$ 16,986,896

The notes are an integral part of these financial statements.

INDEPENDENCE WATER & SANITATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities:	
Receipts from customers and users	$ 1,193,810
Payments to suppliers	(1,790,885)
Net cash used by operating activities	(597,075)
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(7,462,810)
Intergovernmental revenues	296,088
Capital contributions	4,403,957
Interest paid on long-term debt	(1,448,453)
Payment of principal on bonds	(2,894,000)
Proceeds from developer advances - operating	1,336,100
Payment of principal on developer advances - operating	(296,088)
Net cash used by capital and related financing activity	(6,065,206)
Cash flows from investing activities:	
Proceeds from the sale of investments	6,905,354
Interest and dividends	597,350
Net cash provided by investing activities	7,502,704
Net change in cash	840,423
Cash at beginning of year	88,731
Cash at end of year	$ 929,154
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (1,143,173)
Depreciation expense	371,634
Adjustments to reconcile operating loss to net cash used by operating activities	
Increase in utilities receivable	(67,353)
Increase in prepaid expenses	(5,664)
Increase in accounts payable	60,835
Increase in other liabilities	186,646
Net cash used by operating activities	$ (597,075)
Total cash	$ 929,154
Total investments	8,815,715
Total cash and investments	$ 9,744,869

The notes are an integral part of these financial statements.

NOTE 1 - DEFINITION OF REPORTING ENTITY

Independence Water & Sanitation District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was established on December 27, 2017 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located within the County of Elbert, Colorado.

The District was formed in conjunction with eight other metropolitan districts which collectively comprise the Independence Development (Development).

The District was established to acquire, construct, finance, and maintain public water, sewer and storm drainage improvements for the use and benefit of service users of the District's systems.

The District has no employees and all operations and administrative functions are contracted.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential of the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization nor is the District a component unit of any other primary governmental entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District reports a single major proprietary enterprise fund which accounts for the revenues and expenses of water, wastewater, and irrigation services provided by the District. The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds 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 nonoperating revenues and expenses.

Budgets

In accordance with the State Budget Law, the District's Board of Directors hold a public hearing in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget is adopted on a non-GAAP basis wherein payments for capital assets and principal on long-term obligations are budgeted as expenses and proceeds from long-term obligations are budgeted as revenues.

Cash and Cash Equivalents

For the purpose of the accompanying statement of cash flows, the District considers demand deposits with financial institutions to be cash and cash equivalents.

Utilities and Capital Contributions Receivable

Utilities and capital contributions receivable are recorded net of estimated uncollectible accounts. Management believes all utilities and capital contributions receivable as of December 31, 2025 are fully collectible and therefore have not recorded an allowance for doubtful accounts.

Capital Assets

Capital assets consist of property, plant, equipment, and infrastructure assets (e.g. water and wastewater improvements). Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Constructed capital assets which have not yet been completed are recorded as construction in progress. The District has not adopted a capitalization threshold.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

For applicable capital assets, depreciation has been recognized using the straight-line method over useful lives ranging from 15 to 40 years. Water rights and construction in progress are not subject to depreciation.

Deferred Outflows of Resources

Deferred outflows of resources consist of prepayment premiums incurred from the refunding of previously issued bonds. The prepayment premium is amortized over the life of the 2024 Bonds. Accumulated amortization was $36,807 as of December 31, 2025.

Net Position

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. Net investment in capital assets was $14,989,131 as of December 31, 2025.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted for debt service was $3,143,819 as of December 31, 2025.

Unrestricted Net Position – This component of net position consists of amounts that do not meet the definition of “restricted” or “net investment in capital assets.” The District had a deficit in unrestricted net position as of December 31, 2025. The deficit is primarily a result of accumulated operating losses from providing water services.

If both restricted and unrestricted resources are available to use for the same purpose, it is the District’s practice to use restricted resources first, and then unrestricted resources as they are needed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and investments	$	1,108,963
Cash and investments - restricted		8,635,906
Total cash and investments	$	9,744,869

Cash and investments as of December 31, 2025, consist of the following:

Deposits with financial institutions	$	929,154
Investments		8,815,715
Total cash and investments	$	9,744,869

Restricted cash and investments consists of funds reserved for debt service requirements and development project costs.

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in a trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories, the reporting of the uninsured deposits, and assets maintained in the collateral pools.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

At December 31, 2025, the District's cash deposits had a bank balance of $1,537,169 and a carrying balance of $929,154.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

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

Investment	Weighted Average Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Less than 60 days	$ 8,815,715

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Trust (COLOTRUST) (the Trust), an investment vehicle established for local governmental entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. 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 CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, CRS, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

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 PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at NAV as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 - CAPITAL ASSETS

The following is an analysis of changes in capital assets for the year ended December 31, 2025.

	Balance 12/31/24	Additions	Deletions/ Transfers	Balance 12/31/25
Business-type activities:				
Capital assets not being depreciated:				
Water rights	$ 14,917,322	$ 2,644,200	$ -	$ 17,561,522
Construction in progress	-	5,262,810	-	5,262,810
Total capital assets, not being depreciated	14,917,322	7,907,010	-	22,824,332
Capital assets, being depreciated				
Water system	9,675,938	-	-	9,675,938
Waste water system	4,492,644	-	-	4,492,644
Irrigation system	240,916	-	-	240,916
Total capital assets, being depreciated	14,409,498	-	-	14,409,498
Less: accumulated depreciation				
Water system	(366,531)	(242,758)	-	(609,289)
Waste water system	(323,831)	(112,815)	-	(436,646)
Irrigation system	(20,032)	(16,061)	-	(36,093)
Total capital assets, being depreciated	(710,394)	(371,634)	-	(1,082,028)
Total capital assets, being depreciated, net	13,699,104	(371,634)	-	13,327,470
Total capital assets, net	$ 28,616,426	$ 7,535,376	$ -	$ 36,151,802

NOTE 5 - LONG-TERM OBLIGATIONS

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

	Balance 12/31/24	Additions	Repayments/ Amortization	Balance 12/31/25	Due Within One Year
Business-type activities:					
Special revenue refunding and improvement bonds					
Series 2024	$ 29,750,000	$ -	$ (2,894,000)	$ 26,856,000	$ -
Discount	(523,898)	-	58,211	(465,687)	-
Developer advances - operating	820,287	1,336,100	(296,088)	1,860,299	-
Developer advances - capital	-	444,200	-	444,200	-
	30,046,389	1,780,300	(3,131,877)	28,694,812	-

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Special Revenue Refunding and Improvement Bonds, Series 2024

In December 2024, the District issued $29,750,000 of Tax-Exempt Special Revenue Refunding and Improvement Bonds (the 2024 Bonds). The 2024 Bonds were issued with an interest rate of 5.125% per annum. Interest is payable semiannually on June 1 and December 1, commencing on December 1, 2025. Any unpaid interest compounds annually thereafter. The 2024 Bonds mature on December 1, 2033. The 2024 Bonds were issued at an original discount of $523,898.

Proceeds from the 2024 Bonds were used to: (i) pay and cancel the 2019 Bonds, (ii) pay project costs, (iii) fund the Reserve Fund, and (iv) pay other costs in connection with the issuance of the bonds.

The 2024 Bonds are structured as cash flow bonds, meaning that the Indenture contains no scheduled payments of principal on the Bonds other than at maturity. Principal is payable each December 1 from the available pledged revenues, if any, pursuant to a mandatory redemption. All unpaid principal is due upon maturity. The failure to pay principal of or interest on the 2024 Bonds when due shall not constitute an event of default.

The 2024 Bonds are secured and payable from pledged revenue, consisting generally of (i) Tap Fee Revenues, (ii) Water Fee Revenues, and (iii) any other legally available amounts that the District determines. The 2024 Bonds are also secured by amounts held in the Reserve Fund in the amount of $1,487,000.

From December 1, 2029 to November 30, 2030 bonds can be prepaid at a redemption premium of 3%. From December 1, 2030 to November 30, 2031 bonds can be prepaid at a redemption premium of 2%. From December 1, 2031 to November 30, 2032 bonds can be prepaid at a redemption premium of 1%. After December 1, 2032 bonds can be redeemed without premium.

Developer Advances - Operating

The District entered into an Advance and Reimbursement Agreement with CB Independence Holding Company, LLC (Developer), dated July 23, 2018, to repay advances made by the Developer to the District. The District agreed to repay the Developer for such advances plus accrued interest at the rate higher of 7% or U.S. Prime Rate plus 2% as of the date of each advance. The District’s Service Plan limits interest to 8%.

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances - Capital

The District entered into an Infrastructure Acquisition Agreement with CB Independence Holding Company, LLC (Developer), dated July 23, 2018, to repay the Developer for the acquisition of capital assets that are provided to the District prior to available funding. The District agreed to repay the Developer for such advances plus accrued interest at the rate higher of 7% or U.S. Prime Rate plus 2% as of the date of each advance. The District's Service Plan limits interest to 8%.

Authorized Debt

On November 7, 2017, a majority of qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $952,282,500 to fund the acquisition of water rights and the acquisition and/or construction of public improvements. At December 31, 2025, the District had authorized and issued indebtedness from the election in the following amounts:

	Authorized	Remaining
Water rights & public improvements	$ 952,282,500	$ 952,282,500

The District's Service Plan further limits general obligations debt issuances to $0.

NOTE 6 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years. The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 7 - 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, except those governmental activities designated as Enterprises.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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, or salary or benefit increases.

The District operates as an enterprise fund under Title 37, Article 45.1, C.R.S., to provide wholesale water and wastewater services in accordance with its Service Plan. An enterprise fund under Section 20 of the Colorado Constitution may receive less than 10% of its annual revenue in grants from Colorado state and local governments combined.

On November 7, 2017, the District’s voters passed an election question authorized the retention of all revenues received from any source during the 2017 budget year and each budget year thereafter that are in excess of the revenue and fiscal year spending limits that would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other law.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 8 - RELATED PARTIES

The District is one of nine metropolitan districts that serve the Development and some members of the District's Board of Directors serve on the board of directors of multiple districts that serve the Development. The developer of the infrastructure which constitutes the District is Craft Bandera Acquisition Company, LLC and Craft Companies, LLC. Some of the members of the District’s Board of Directors are employed, owners of, or consultants of the Developer.

NOTE 8 - RELATED PARTIES (CONTINUED)

As of December 31, 2025, the District owed the Developer $2,304,499 of outstanding principal and accrued interest of $155,391.

During the year ended December 31, 2025, the District paid the Developer $7,907,010 for the acquisition of capital assets.

During the year ended December 31, 2025, the District received $296,088 transferred from Independence District No. 3 which is included in intergovernmental revenue in the accompanying statement of revenues, expenses, and changes in net position.

As of December 31, 2025, the District owed Independence Overlay Metropolitan District $186,646.

SUPPLEMENTARY INFORMATION

INDEPENDENCE WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION – BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Operation service fees	$ 1,236,750	$ 1,236,750	$ 1,286,988	$ 50,238
Debt service	6,450,000	4,984,375	4,413,582	(570,793)
Capital projects	100,000	746,088	706,081	(40,007)
Total revenues	7,786,750	6,967,213	6,406,651	(560,562)
Expenses				
Operations - water	816,500	816,500	897,103	(80,603)
Operations - sewer	601,100	601,100	505,323	95,777
Operations - irrigation	315,500	315,500	308,000	7,500
General	92,500	117,500	273,514	(156,014)
Developer repayment - principal	-	-	296,088	(296,088)
Contingency	20,000	155,000	-	155,000
Debt Service:				
Bond principal payments	2,500,000	2,894,000	2,894,000	-
Interest expense	1,400,000	1,448,453	1,448,453	-
Other	21,500	21,500	25,333	(3,833)
Contingency	-	100,000	-	100,000
Capital Projects:				
Capital outlay	6,500,000	9,922,500	7,930,439	1,992,061
Contingency	-	3,318,161	-	3,318,161
Total expenses	12,267,100	19,710,214	14,578,253	5,131,961
Other Financing Sources/(Uses):				
Developer advance	300,000	940,000	1,780,300	840,300
Total other financing sources (uses)	300,000	940,000	1,780,300	840,300
Change in Net Position - Budgetary Basis	$ (4,180,350)	$ (11,803,001)	(6,391,302)	$ 5,411,699
Reconciliation to GAAP Basis:				
Capitalized assets			7,907,010	
Depreciation and amortization expense			(466,652)	
Proceeds from developer advance			(1,780,300)	
Bond principal payments			2,894,000	
Developer advance reimbursement			296,088	
Change in accrued interest			(139,444)	
Change in net position - GAAP Basis			2,319,400	
Net Position, Beginning			14,667,496	
Net Position, Ending			$ 16,986,896	

See Independent Auditors' Report