

LEFT HAND WATER DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Left Hand Water District
Niwot, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Left Hand Water District (the District), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the 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 financial position of the business-type activities of Left Hand Water District, as of December 31, 2023 and 2022, and the changes in its financial position, and, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Left Hand 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Left Hand Water District's ability to continue as a going concern for 12 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 GAAS and Government 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 GAAS and *Government 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 Left Hand 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 Left Hand 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

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the schedule of the District's proportionate share of the net pension liability and schedule of pension contributions, and the schedule of the District's proportionate share of the net OPEB liability and schedule of OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Left Hand Water District's basic financial statements. The schedule of revenues and expenditures – budget to actual (budget basis) is presented for purposes of additional analysis and are 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 GAAS. In our opinion, the schedule of revenues and expenditures – budget to actual (budget basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024 on our consideration of Left Hand Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Left Hand Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Left Hand Water District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
June 6, 2024



INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is designed to provide a narrative overview of the financial condition and operating results of the Left Hand Water District ("the District"). This MD&A should be read in conjunction with the District's basic financial statements, notes to the financial statements, and supplementary information (beginning on page 1).

The District provides treated water to customers primarily in unincorporated areas of Boulder and Weld Counties. The District is generally bounded by the cities of Boulder, Lafayette, and Erie to the south; the City of Longmont to the north; I-25 to the east; and the foothills to the west.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado, governed by Colorado Revised Statutes Title 32 Special Districts, engaged only in a business-type activity. As an enterprise fund, the District's financial statements include:

Statements of Net Position – report the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating. (See page 1).

Statements of Revenues, Expenses and Changes in Net Position – report the District's operating and non-operating revenues by major source, along with operating and non-operating expenses and capital contributions. (See page 3).

Statements of Cash Flows – report the District's cash flows from operating, investing, capital and non-capital activities. (See page 4).

Notes to the Financial Statements (See page 6) – provide additional required disclosures that are essential to a full understanding of the data provided in the financial statements.

Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) (See page 53) – reports the budgeted revenue and expenditure activities as compared with actual activities. Though this schedule is not required by GAAP to be part of the audited financial statements, it is added for review as other supplementary information.

2023 HIGHLIGHTS

- As of December 31, 2023, total net position was \$151,036,993, representing an increase of \$8,219,384 (5.8%), when compared to 2022.
- Operating revenues were \$11,003,603 during 2023, a decrease of 12% as compared to 2022.
- In 2023, total operating expenses net of depreciation and pension expense were \$6,382,567, which is an increase of \$384,175 (6.4%) from 2022.
- Total capital contributions were \$6,244,791 in 2023, compared to \$1,943,865 in 2022 – an increase of \$4,300,926 (221%).
- Long-term debt (net of current maturities) decreased to \$27,009,057 as of December 31, 2023, as compared with the December 31, 2022, balance of \$28,998,938.



CONDENSED COMPARATIVE FINANCIAL INFORMATION – STATEMENTS OF NET POSITION

As noted earlier, net position may serve over time as a useful indicator of a governmental entity’s financial position. The following table presents condensed information from the Statements of Net Position as of December 31, 2023, 2022, and 2021.

	2023	2022	2021
Current Assets	\$ 31,156,646	\$ 30,813,525	\$ 31,827,926
Capital Assets (net of depreciation)	152,827,319	146,264,739	143,069,363
Net Pension Asset	---	<u>244,697</u>	---
Total Assets	183,983,965	177,322,961	174,897,289
Deferred Outflows of Resources	1,407,635	419,279	787,232
Current Liabilities	3,822,417	2,861,529	2,895,241
Non-Current Liabilities	<u>29,812,015</u>	<u>29,264,199</u>	<u>32,777,223</u>
Total Liabilities	33,634,432	32,125,728	35,672,464
Deferred Inflows of Resources	720,175	2,798,903	2,336,932
Invested in Capital Assets, net of related debt	122,941,441	115,231,874	109,885,357
Restricted	992,468	1,223,330	962,986
Unrestricted	<u>27,103,084</u>	<u>26,362,405</u>	<u>26,826,782</u>
TOTAL NET POSITION	<u>\$ 151,036,993</u>	<u>\$ 142,817,609</u>	<u>\$ 137,675,125</u>

Total Net Position increased in 2023 by just over \$8.2 million (5.7%) from the results of operations and capital contributions. Total Non-Current Liabilities increased by just under \$1/2 million in 2023. Principal payments of just over \$1.9 million were made on previously-existing loans.

The District’s proportionate share of the Colorado Public Employers’ Retirement Association (PERA)’s net unfunded liability for pension increased in 2023 by over \$2.8 million, resulting in a net pension liability; the proportionate share of PERA’s unfunded liability for Other Postemployment Benefits (OPEB) decreased by just over \$20,000.

Unrestricted Net Position is the portion of Net Position that can be used to finance day-to-day operations without external constraints of debt covenants, legislation or other legal requirements. As of December 31, 2023, Unrestricted Net Position was \$740,679 higher than at December 31, 2022.

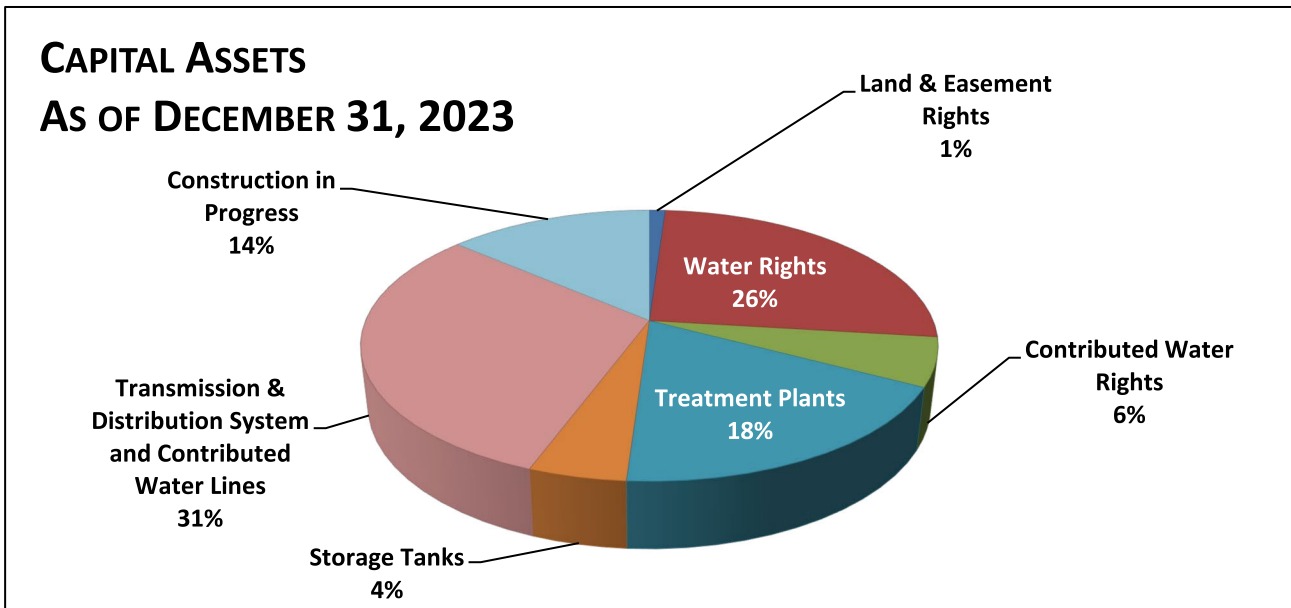


CONDENSED COMPARATIVE FINANCIAL INFORMATION – CAPITAL ASSETS

The following table presents a condensed review of capital assets, net of accumulated depreciation, as of December 31, 2023, 2022, and 2021.

	2023	2022	2021
Land & Easement Rights	\$ 1,603,690	\$ 1,603,690	\$ 1,603,690
Water Rights	39,073,894	39,073,894	39,073,894
Contributed Water Rights	8,759,149	8,759,149	8,759,149
Buildings & Improvements	677,440	679,985	710,507
Treatment Plants	27,655,448	28,397,677	29,323,568
Storage Tanks	6,989,614	7,293,478	7,579,845
Raw Water Reservoirs	26,606	31,771	53,691
Transmission & Distribution System	46,260,267	45,696,069	43,518,740
Office Equipment & Furnishings	726,609	706,525	706,001
Equipment & Vehicles	373,324	446,526	369,393
Construction in Progress	<u>20,681,278</u>	<u>13,575,975</u>	<u>11,370,885</u>
TOTAL CAPITAL ASSETS	<u>\$ 152,827,319</u>	<u>\$ 146,264,739</u>	<u>\$ 143,069,363</u>

Capital acquisitions in 2023 included several new pieces of equipment in the operations departments as well as a new strainer at the Dodd Water Treatment Plant and a new District-wide server. Implementation of Advanced Metering Infrastructure (AMI) for meter reading continued, with four fixed-point gateways online by the end of 2023. The District's cost of participation in the Northern Integrated Supply Project (NISP), included in Construction in Progress (CIP), was \$2,831,710.



Of the \$6.11 million allocated for construction projects in the 2023 budget, just under \$4.4 million was expended. Construction was initiated, and a significant portion was completed, on a project to replace water lines along North 63rd Street, North 65th Street, and County Line Road. Upgrades to the Spurgeon Water Treatment Plant continued, and design was begun on a project to replace a waterline along Plateau Road east of North 95th Street.



CONDENSED COMPARATIVE FINANCIAL INFORMATION – REVENUES

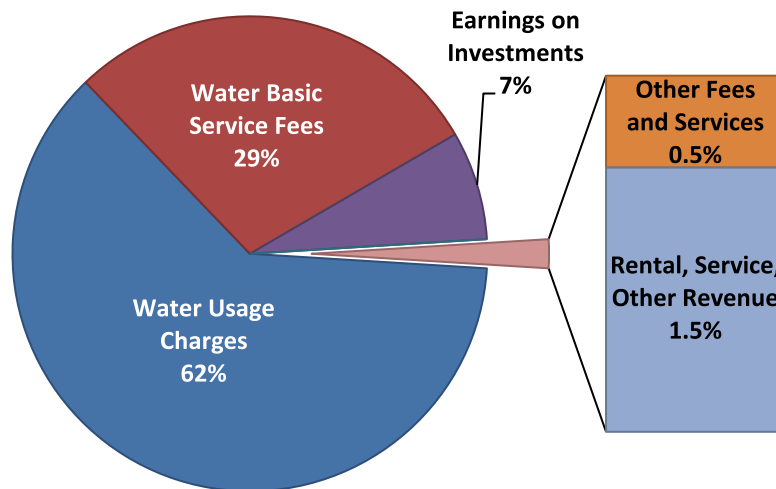
The following table presents a condensed review of revenues for the years ended December 31, 2023, 2022, and 2021.

	2023	2022	2021
Operating Revenues			
Water Usage Charges	\$ 7,394,409	\$ 9,057,680	\$ 8,293,632
Water Basic Service Fees	3,440,055	3,218,320	3,109,470
Other Fees & Services	60,419	167,946	154,583
Inventory Sales	6,927	4,529	1,751
Water Lease Income	<u>101,793</u>	<u>62,650</u>	<u>60,500</u>
Total Operating Revenues	11,003,603	12,511,125	11,619,936
Non-Operating Revenues (Expenses)			
Earnings on Investments	884,683	477,917	311,289
Interest Expense	(675,021)	(699,184)	(699,674)
Property Rental and Misc Income	65,030	77,869	106,426
Property Management Expense	(115,368)	(140,011)	(46,212)
Unrealized Gain/(Loss) on Investments	310,659	(634,832)	(321,087)
Realized Gain/(Loss) on Investments	14,640	28	(5,739)
Gain/(Loss) on Disposition Capital Assets	(29,908)	34,025	(1,787)
Other Non-Operating Income	<u>64,702</u>	<u>25,511</u>	<u>8,091</u>
Total Non-Operating Revenues	<u>519,417</u>	<u>(858,677)</u>	<u>(648,693)</u>
TOTAL REVENUES	<u>\$ 11,523,020</u>	<u>\$ 11,652,448</u>	<u>\$ 10,971,243</u>

Operating revenues in 2023 were 18.3% (approximately \$2.5 million) below the amount budgeted. The shortage was led primarily by water usage being significantly lower than typical due to unusually wet weather through the year. Water Usage Charges were under budget by 24.1%; Water Basic Service Fees were under budget by 1.0%. Total revenues decreased by just under \$130,000 (1.1%) from 2023.

2023 REVENUES BY SOURCE

(revenues only, non-operating expenses omitted)



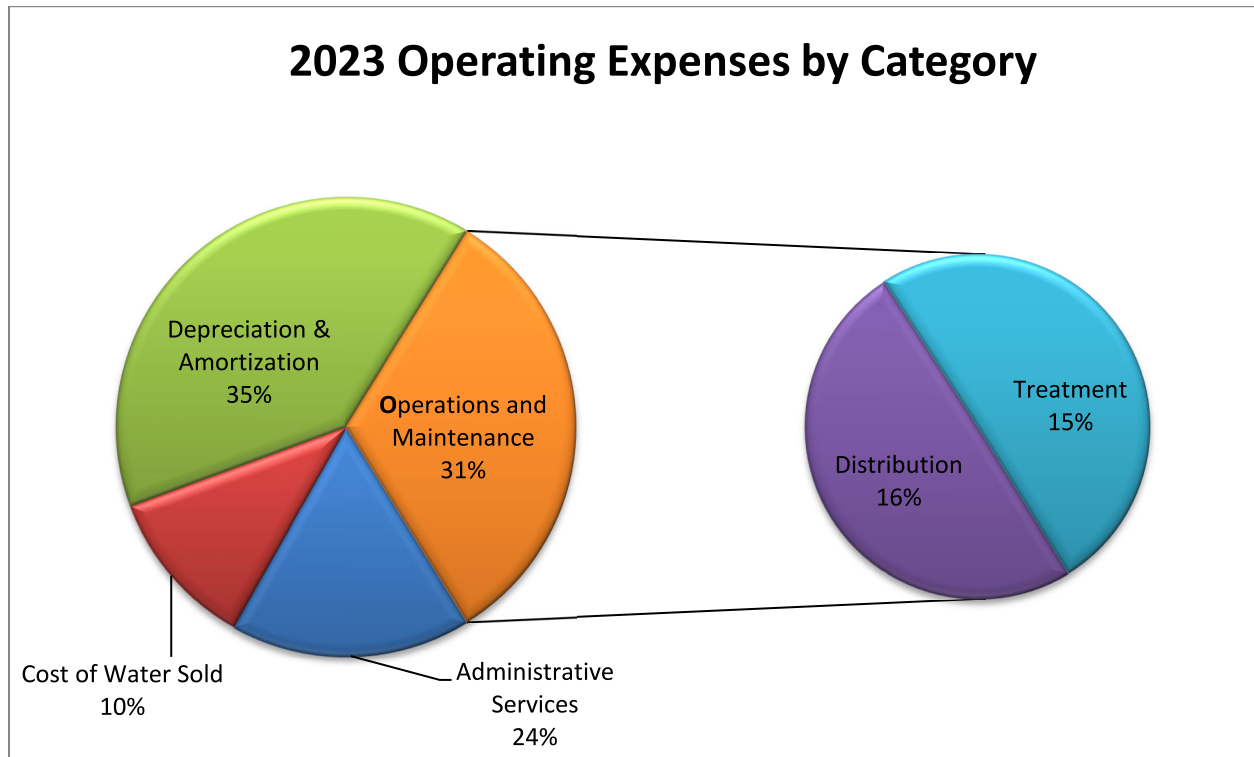


CONDENSED COMPARATIVE FINANCIAL INFORMATION – OPERATING EXPENSES

The following table presents a condensed review of operating expenses for the years ended December 31, 2023, 2022, and 2021.

	2023	2022	2021
Operating Expenses			
Operation and Maintenance	\$ 2,992,358	\$ 2,735,326	\$ 2,789,185
Administrative Services	2,292,658	1,434,301	2,300,638
Cost of Water Sold	915,292	949,798	990,996
Depreciation & Amortization	<u>3,348,119</u>	<u>3,334,404</u>	<u>3,295,335</u>
TOTAL OPERATING EXPENSES	<u>\$ 9,548,427</u>	<u>\$ 8,453,829</u>	<u>\$ 9,376,154</u>

Net of depreciation and other items not included in the budget, total operating expenses for 2023 were under budget by 15.2%. Operation and Maintenance costs increased by 9.4% from 2022. Expenditures within the Distribution Department increased by approximately 11.7%, driven largely by increased costs for metering and IT infrastructure upgrades related to the District’s continued effort to implement Advanced Metering Infrastructure (AMI) technology. Increased salaries and higher costs of chemicals contributed to a 7.2% increase in expenditures in the Treatment Department. Administrative Services also saw an increase of 7% in expenditures, net of non-cash pension expense, primarily due to increased salaries and associated expenses. Cost of Water Sold decreased by 3.6%, as the increases in the costs of assessments on CBT water units as set by Northern Water and in the assessments for the District’s allocated share of the operations and maintenance costs of the Southern Water Supply Pipeline were offset by a larger decrease to the District’s cross-tie water supply due to temporary operational changes.





CONDENSED COMPARATIVE FINANCIAL INFORMATION – CAPITAL CONTRIBUTIONS

The following table presents a condensed review of capital contributions for the years ended December 31, 2023, 2022, and 2021.

	2023	2022	2021
Customer Tap Fees	\$ 3,651,420	\$ 1,817,625	\$ 2,732,385
Contributed Water Rights	---	---	---
Contributed Line Fee/Fire System	74,330	53,240	95,370
Contributed Assets	<u>2,519,041</u>	<u>73,000</u>	<u>934,825</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>\$ 6,244,791</u>	<u>\$ 1,943,865</u>	<u>\$ 3,762,580</u>

Contributed capital can consist of several components: tap fees paid by customers who purchase new or upgrade existing water taps for their property; water rights contributed as part of a tap purchase; and contributions of fire systems, water lines, or water systems. In 2023, 26 taps were sold, upgraded, or completed, vs. 28 in 2022.

Capital contributions can also result from execution of contracts for multiple taps/subdivisions, in which case payment for 50% of the Plant Investment and Water Requirement Fees, and 100% of any applicable line fees, are collected upon execution. In 2023, the District executed 3 new subdivision agreements for which the initial payment were received. As of December 31, 2023, the District had 6 subdivision contracts active, representing 19 additional single family equivalent taps.

Contributed Line Fees are collected as part of tap fees in certain areas of the District. In certain cases, developers or private parties pay for or contribute to the extension or upgrade of water lines in order to complete projects; in other cases the District absorbs the costs. In either case, the District may collect a reimbursement amount (“line fee”) when new taps are paid by customers who benefit from the new or upgraded line, plus an interest component. As applicable, the District then reimburses the appropriate developer or private party a portion of the line fee. In 2023, the line fees collected on new taps totaled \$74,330, all of which were in the Eastern Zone Transmission (EZT) area.

Contributed assets are most frequently water lines that are installed in a subdivision by a developer or by the owner of a commercial property and then contributed to the District. In such cases, contributions are recorded at the cost of completion as reported to the District by the developer or property owner. In 2023, water lines in 3 new subdivisions as well as a water line extension at a commercial property were installed and dedicated to the District.



STRATEGIC PLANNING AND CAPITAL IMPROVEMENT PROGRAM

The District completed its first Comprehensive Water System Strategic Plan in 2007; two components of that Plan, the Treated Water Master Plan and the Financial Master Plan, are updated periodically. Both were updated in 2014 and the Treated Water Master Plan, along with the District’s Emergency Response Plan, were updated again in 2021. The District Board of Directors also holds Strategic Planning Retreats periodically to review and discuss the various documents, plans and programs that make up the ongoing comprehensive strategic planning processes of the District; the last such retreat was held in March 2018.

The Treated Water Master Plan uses demand projections, computer modeling and phased programs of needed facility improvements within the District’s service area to provide recommended improvements to the distribution system over 5, 10, 20 years, and system build out scenarios, with probable costs. The District uses the Plan to develop and implement its Capital Improvement Program, which is reviewed and updated annually as part of the budget process. Capital and infrastructure needs are planned for over the succeeding 10 years, with ongoing plans to finance the projects. Projects relating to Transmission & Distribution lines that benefit future development may require significant developer participation.

In 2019 the District Board of Directors approved creation of a Board-Designated Capital Fund, which is funded from the Plant Investment Fee and Line Fee components of customer tap fees. The Board also approved transferring \$5 million from Unrestricted Reserves as an initial balance for the Fund, which was effected in January 2020. The Fund is utilized to address infrastructure projects necessary to meet anticipated growth, including payment of debt service on debt issued to finance growth-related projects. The following table summarizes the funding and utilization of the Fund during 2023.

CAPITAL FUND SUMMARY – 2023	
Capital Fund Balance – December 31, 2022	\$ 76,146
Customer Tap Fees – Plant Investment, Line Fees	571,330
Projects Funded via Capital Fund	---
Transfers to Operating Fund – Debt Service	---
Capital Fund Balance – December 31, 2023	\$ 647,476

In order to meet future capital and infrastructure replacement needs the District maintains a Board-Designated Replacement Fund, which is funded from operating and non-operating revenue as well as carryover funds. In 2023 the funding level was \$2,200,000, based on analysis using the District’s Water Rate Model and Capital Improvement Plan. The funding level for 2024 has likewise been set at \$2,200,000. Capital improvement projects designated as Replacement Fund Projects are paid for from the Fund, a summary of the funding and use of which is shown in the following table.

REPLACEMENT FUND SUMMARY – 2023	
Replacement Fund Balance – December 31, 2022	\$ 7,991,635
Funding from Operating Fund	2,200,000
Projects Funded via Replacement Fund	(4,397,937)
Replacement Fund Balance – December 31, 2023	\$ 5,793,698



STRATEGIC PLANNING AND CAPITAL IMPROVEMENT PROGRAM (CONTINUED)

The District completed a Raw Water Master Plan in 2003 to anticipate future infrastructure improvements needed for the delivery of raw water supplies. To meet the anticipated future need for additional raw water supplies, the District is participating in the Northern Integrated Supply Project (NISP) through Northern Water for a total of 4,900 additional acre-feet of annual yield to help meet anticipated future needs. It is anticipated that the District’s allocation of cost in the project will be funded through a combination of participation in pooled financing issuances and utilization of the District’s Board-Designated Water Acquisition Fund, which is funded via cash-in-lieu payments as part of tap fee revenue. The following table shows a summary of Water Acquisition Fund activity during 2023.

WATER ACQUISITION FUND SUMMARY – 2023	
Water Acquisition Fund Balance – December 31, 2022	\$ 3,344,286
Customer Tap Fees – Cash-in-Lieu Payments	2,267,900
NISP Participation	(2,831,710)
Water Acquisition Fund Balance – December 31, 2023	\$ 2,780,476

DEBT AND OTHER FINANCIAL OBLIGATIONS

The District’s long-term debt (net of current maturities and unamortized premiums) was \$27,009,057 and \$28,998,938 at December 31, 2023, and December 31, 2022, respectively. These balances are comprised of two previously-existing loans from the Colorado Water Resources and Power Development Authority (CWR&PDA) – one from the Drinking Water Revolving Fund (DWRF) and one from the Small Hydropower Loan Program (SHLP) – as well as the previously-existing loan from the Colorado Water Conservation Board (CWCB).

The District’s largest long-term liability is a 2014 Drinking Water Revolving Fund (DWRF) loan. The loan has a 20-year term; total annual debt service is approximately \$1.825 million.

The 2018 SHLP loan from the CWR&PDA has a 20-year term; total annual debt service is approximately \$174,000.

The 2018 CWCB loan also has a 20-year term; total annual debt service is approximately \$650,000.

All of the District’s loans are secured by the District’s Net Revenues as defined in those contracts.



ECONOMIC AND OTHER FACTORS

Water usage revenue typically accounts for approximately 70% of the District's Operating Revenue and is thus a major factor in the District's economic condition. It is also, however, largely driven by weather and environmental factors beyond the District's control. Total system water usage in 2023 was approximately 1.15 billion gallons, which was approximately 14.2% below the average of the previous five years. Water usage per tap equivalent (a 'per capita' measure) in 2023 was approximately 16.7% below the average of the previous five years.

In its financial forecasting and planning, the District utilizes a comprehensive rate and financial forecasting model based on historical averages of water usage. This water rate model is consistent with industry standards as prescribed by the American Water Works Association (AWWA) and implements a rate structure strategy to provide adequate funds to pay current operating expenses, capital costs, and debt service requirements, as well as to accumulate funds for future operating and repair or replacement costs and new capital projects.

Tap fee revenue is another key component of the District's revenue that is directly impacted by external factors such as the overall housing market and general economic conditions. If the housing market and overall economy continue recent growth patterns, or if they should falter or endure contractions, it is expected tap fee revenues would increase or decline commensurately.

The 2024 budget is based on projected growth in water revenue and includes an increase of 7% to basic service fees and increases of 4-8% to volume charges. The budget for tap fee revenue projects a decrease from the amount budgeted in 2023 of 46%, based on the number of contracted payments expected as well as anticipated new subdivision contracts.

Both water utility and tap fee revenues are significantly impacted by the annual rate and extent of future growth and development within the District. Those growth rates will be materially affected by management, zoning, and land use procedures and policies established by surrounding governmental entities such as Boulder and Weld Counties; the Towns of Frederick, Firestone, and Erie; and the Cities of Longmont, Boulder and Lafayette. Each of these entities controls development in the areas under its jurisdiction, and their decisions and actions are outside the control of the District. District staff works as appropriate with each of these entities to ensure productive, cooperative, and effective long-range planning.

FINANCIAL CONTACT

The District's financial statements are designed to present users (customers, citizens, creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, please contact Victoria Santos, CPA, Finance Manager, Left Hand Water District, PO Box 210, Niwot, CO 80544, 303-530-4200.

BASIC FINANCIAL STATEMENTS

**LEFT HAND WATER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,437,734	\$ 11,262,388
Restricted Cash and Cash Equivalents	3,298,073	3,299,049
Investments	13,553,278	14,460,313
Receivables	1,850,634	820,494
Lessor Receivables	535,512	580,379
Inventory - Supplies	333,924	207,625
Prepaid Expenses and Other Assets	147,491	183,277
Total Current Assets	31,156,646	30,813,525
NONCURRENT ASSETS		
Capital Assets:		
Land, Easements and Water Rights	49,436,733	49,436,733
Construction in Progress	20,681,278	13,575,976
Transmission and Distribution System Facilities	89,886,397	87,471,419
Vehicles and Equipment	37,997,973	37,786,594
Furniture and Equipment	1,549,211	1,577,089
Water Service Agreement	1,137,357	1,078,992
	1,500,000	1,500,000
Total Capital Assets	202,188,949	192,426,803
Less: Accumulated Depreciation	(49,361,630)	(46,162,064)
Capital Assets, Net	152,827,319	146,264,739
Net Pension Asset	-	244,697
Total Noncurrent Assets	152,827,319	146,509,436
Total Assets	183,983,965	177,322,961
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pension	1,365,482	382,601
Related to OPEB	42,153	36,678
Total Deferred Outflows of Resources	1,407,635	419,279

See accompanying Notes to Basic Financial Statements.

**LEFT HAND WATER DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2023	2022
CURRENT LIABILITIES		
Accounts Payable	\$ 1,109,968	\$ 349,155
Retainage Payable	150,939	5,455
Accrued Expenses	428,435	427,312
Current Portion of Long-Term Debt	2,133,075	2,079,607
Total Current Liabilities	3,822,417	2,861,529
NONCURRENT LIABILITIES		
Accrued Compensated Absences	38,072	73,946
Net Pension Liability	2,594,351	-
Net OPEB Liability	170,535	191,315
Long-Term Debt (Net of Current Maturities and Unamortized Premium)	27,009,057	28,998,938
Total Noncurrent Liabilities	29,812,015	29,264,199
Total Liabilities	33,634,432	32,125,728
DEFERRED INFLOWS OF RESOURCES		
Related to Pension	107,918	2,144,897
Related to Leases	537,700	582,567
Related to OPEB	74,557	71,439
Total Deferred Inflows of Resources	720,175	2,798,903
NET POSITION		
Net Investment in Capital Assets	122,941,441	115,231,874
Restricted:		
Net Pension Asset	-	244,697
Debt Service	992,468	978,633
Unrestricted	27,103,084	26,362,405
Total Net Position	\$ 151,036,993	\$ 142,817,609

See accompanying Notes to Basic Financial Statements.

LEFT HAND WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Water - Treated	\$ 10,834,464	\$ 12,276,000
Service Revenue	60,419	167,946
Other Income	108,720	67,179
Total Operating Revenues	11,003,603	12,511,125
OPERATING EXPENSES		
Depreciation	3,348,119	3,334,404
Salaries and Wages	2,284,306	2,095,816
Repairs and Maintenance	1,345,035	1,189,444
Employee Benefits and Taxes	641,018	(101,714)
Cost of Water Sold	915,292	949,798
Utilities	301,635	312,843
Office	210,771	202,698
Contract Support Service	114,233	111,181
Insurance	139,778	125,125
Other	61,852	48,093
Professional Fees	157,934	165,405
Employee Development	28,454	20,736
Total Operating Expenses	9,548,427	8,453,829
OPERATING INCOME	1,455,176	4,057,296
NONOPERATING REVENUES (EXPENSES)		
Earnings on Investments	884,683	477,917
Realized and Unrealized Net Gain (Loss) on Investments	325,299	(634,804)
Property Rental and Miscellaneous Income	65,030	77,869
Gain (Loss) on Disposition of Capital Assets	(29,908)	34,025
Miscellaneous Nonoperating Income	64,702	25,511
Interest Expense	(675,021)	(699,184)
Property Management Expense	(115,368)	(140,011)
Total Nonoperating Revenues (Expenses)	519,417	(858,677)
INCOME BEFORE CONTRIBUTIONS	1,974,593	3,198,619
CAPITAL CONTRIBUTIONS	6,244,791	1,943,865
CHANGE IN NET POSITION	8,219,384	5,142,484
Net Position - Beginning of Year	142,817,609	137,675,125
NET POSITION - END OF YEAR	\$ 151,036,993	\$ 142,817,609

See accompanying Notes to Basic Financial Statements.

**LEFT HAND WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 11,086,128	\$ 12,656,714
Cash Paid to Suppliers	(3,490,321)	(3,169,579)
Cash Paid to Employees	(3,159,846)	(2,942,865)
Net Cash Flows Provided by Operating Activities	4,435,961	6,544,270
 CASH FLOWS FROM NONCAPITAL ACTIVITIES		
Property Rental and Miscellaneous Income	129,732	103,380
Property Management Expense	(115,368)	(140,011)
Net Cash Flows Provided (Used) by Noncapital Activities	14,364	(36,631)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	2,865,416	1,870,865
Acquisition and Construction of Capital Assets	(6,600,476)	(6,666,302)
Cash Received from Sale of Capital Assets	-	34,025
Repayment of Bonds and Loans	(1,954,607)	(1,928,145)
Interest Paid	(703,305)	(727,258)
Net Cash Flows Used by Capital and Related Financing Activities	(6,392,972)	(7,416,815)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	14,252,030	5,037,257
Purchase of Investments	(13,019,696)	(3,818,437)
Earnings on Investments	884,683	477,917
Net Cash Flows Provided (Used) by Investing Activities	2,117,017	1,696,737
 NET CHANGE IN CASH AND CASH EQUIVALENTS	174,370	787,561
 Cash and Cash Equivalents - Beginning of Year	14,561,437	13,773,876
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 14,735,807	\$ 14,561,437

See accompanying Notes to Basic Financial Statements.

**LEFT HAND WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH		
 FLOWS FROM OPERATING ACTIVITIES		
Operating Income	\$ 1,455,176	\$ 4,057,296
Adjustments to Reconcile Operating Income to Net Cash		
Flows from Operating Activities:		
Depreciation	3,348,119	3,334,404
Changes in Operating Assets and Liabilities:		
Receivables	(169,806)	149,789
Net Pension Liability	2,839,048	(1,756,350)
Deferred Outflows Related to Pension	(982,881)	365,340
Deferred Inflows Related to Pension	(2,036,979)	510,128
Net OPEB Liability	(20,780)	(19,156)
Deferred Outflows Related to OPEB	(5,475)	2,613
Deferred Inflows Related to OPEB	3,118	(2,085)
Inventory - Supplies	(126,299)	(124,587)
Accrued Liabilities	(4,206)	(26,956)
Prepaid Expenses and Other Assets	35,786	(122,936)
Accounts Payable and Accrued Expenses	101,140	176,770
Net Cash Flows Provided by Operating Activities	\$ 4,435,961	\$ 6,544,270
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital Assets Contributed to the District	\$ 2,519,041	\$ 73,000
Amortization of Debt Premium	13,473	13,473
Unrealized (Gain) Loss on Investments	(325,299)	634,804

See accompanying Notes to Basic Financial Statements.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Form of Organization

Left Hand Water District (the District) is organized under the provisions of Section 32-1-305(6) of the Colorado Revised Statutes (CRS). It is a quasi-municipal corporation and a political subdivision of the state of Colorado with all powers thereof, which includes the power to levy taxes against property within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The District's significant accounting policies are described below.

Reporting Entity

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
2. Fiscal dependency on the primary government and there is potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointment by a higher level of government, or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the District. The District meets the criteria of an "other stand-alone government."

Basic Financial Statements

The District is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position.

Revenues and expenses are recorded in the accounting period in which they are earned or incurred and they become measurable. Net position is segregated into amounts: Net investment in capital assets, restricted for debt service and capital projects, and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors (the Board) in accordance with state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds and tap fees are budgeted as revenues.

The budget process timeline is as follows:

1. No later than October 15, the District staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular Board meetings to obtain customers' comments.
3. Prior to December 31, the budget is legally adopted by the Board.
4. Unused appropriations lapse at the end of each year.

The fiscal year 2023 appropriated expenditures for the District were \$54,477,880

Cash and Cash Equivalents

The District considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

The District's investments in marketable debt and equity securities are carried at fair value plus accrued interest with net appreciation or depreciation on investments. Amounts invested in certificates of deposit, with original maturities of greater than three months, are carried at fair value, including accrued interest. ColoTrust is measured at net asset value.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts

The District's receivables are due from commercial and residential customers within the District service area. The District's policy for collections is limited to the right to discontinue service and to place liens on property. The District has determined that no allowance is necessary at December 31, 2023 or 2022, based on historical collection experience.

Revenue Recognition

Revenues are recognized when water is delivered to the customer, as measured at the meter. Metered water accounts are read and billed monthly on 30-day cycles.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Inventories

Inventories, consisting primarily of operating supplies for water meter repair and installation, have been valued at cost, using the average cost method of accounting.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements. Prepayments are recorded using the consumption method where services are allocated over appropriate service periods.

Other Restricted Assets

Certain payments for future construction costs are recorded as other restricted assets in the financial statements.

Lessor Receivables

Lessor receivables represent the present value of future lease payments where the District is the lessor. Interest income is recognized by the District as revenue ratably over the contract term. Lease revenue is recognized by the District through amortization of a deferred inflow of resources in a systematic and rational manner over the lease term.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position. For individual lease contracts where information about the discount rate implicit in the lease is not included, the District has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital Assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at acquisition cost or estimated acquisition cost if actual acquisition cost is not available. Donated capital assets are valued at their estimated acquisition cost on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed when incurred.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Description:	<u>Estimated Lives</u>
Transmission and Distribution System	39 to 50 Years
Facilities	10 to 40 Years
Vehicles and Equipment	5 to 10 Years
Furniture and Equipment	5 to 10 Years

The District entered into a water service agreement with Central Weld County Water District (CWCWD) on November 17, 1994. CWCWD will provide treated water to the District via a cross-tie connection. Upon execution of this agreement, the District paid \$1,500,000 to CWCWD. This agreement is in effect for 20 years and may be renewed for successive 10-year terms.

Debt Issuance Costs

Debt issuance costs are recognized as an expense during the period of issuance.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report separate sections for deferred outflows of resources. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. Deferred outflows of resources related to GASB Statement No. 68 and GASB Statement No. 75 have been recorded as of December 31, 2023 and 2022. See Notes 9 and 10 for additional information.

Debt-Related Deferrals

Premiums and discounts and losses on refunding are deferred and amortized to interest expense over the life of the debt using the effective interest method. The net premiums and discounts are presented as an adjustment to the face amount of the debt, while deferred losses on refunding, if any, would be reflected as a deferred outflow of resources.

Accrued Compensated Absences Payable

Obligations associated with the District's paid leave policy are recorded as a liability and expense when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is shown as current and long-term liabilities.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Compensated Absences Payable (Continued)

The District has recorded a liability of \$194,740 and \$198,946 at December 31, 2023, and 2022, respectively.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report separate sections for deferred inflows of resources. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. Deferred inflows of resources related to GASB Statement No. 68 and GASB Statement No. 75 have been recorded as of December 31, 2023 and 2022. See Notes 9 and 10 for additional information. Deferred inflows of resources related to leases are reported on the statement of net position.

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation of these assets and related debt balances reduce this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the District which is not restricted for any project or other purpose. A deficit will require future funding.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, and such differences could be material.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The District adopted the requirements of the guidance effective January 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in the District reporting SBITA assets or liabilities as management considers the impact to be insignificant to the financial statements.

Reconciliation of Budget Based Accounting to GAAP Financial Statements

The District prepares its annual budget on a non-GAAP basis of accounting. Below is a reconciliation from the GAAP basis to the budget basis of accounting:

	2023
Net Consolidated Increase/Decrease (Budgetary Basis)	\$ (1,717,289)
Add:	
Capital Outlay	7,501,396
Debt Principal Paid	1,954,607
Noncash Capital Contributions	2,519,041
Employer Contribution Expense	337,426
Net Decrease in Tap Fees Receivable	780,500
Realized and Unrealized Loss on Investments	325,299
Less:	
Depreciation	(3,348,119)
Pension and OPEB Expense	(133,477)
Change in Net Position - GAAP Basis	\$ 8,219,384

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 CASH AND INVESTMENTS

Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the state of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state.

The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The fair value of the assets in the pool must be at least 102% of the uninsured deposits.

At December 31, 2023 and 2022, the District had deposits with a financial institution with a carrying amount of \$3,475,219 and \$2,349,229, respectively.

Investments

The Board of Directors has adopted an investment policy, which specifies investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Direct obligations of the United States with a maximum maturity of five years.
- Obligations of U.S. Government Agencies with a maximum maturity of five years.
- Securities of entities or organizations not listed above, but created by, or authorized to be created by legislation of the U.S. Congress where the issuing agency is subject to control by the federal government.
- General and revenue obligations of any state of the United States, the District of Columbia, the territorial possessions of the U.S., or political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental agencies. These securities must be rated in the highest two rating categories by two or more nationally recognized rating agencies in the case of general obligations and the highest rated category in the case of revenue obligations. The period from the settlement date to its maturity shall be no longer than five years.
- The District's own securities including certificates of participation and lease obligations.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- Local government investment pools.
- Repurchase agreements for any of the U.S. Government and agency securities listed above.
- Reverse repurchase agreements for any of the U.S. Government and agency securities listed above.
- Securities lending agreement, subject to certain statutory conditions including that necessary transfer documents must be transferred to the investing public entity.
- Certain money market funds subject to statutory conditions including: registration of the fund under the federal "Investment Company Act of 1940;" that the fund seeks to maintain a constant share price.
- Certain guaranteed investment contracts rated in one of the two highest rating categories by two or more nationally recognized securities ratings agencies that regularly issue such ratings.
- U.S. dollar denominated corporate or bank security, issued by a corporation or bank organized and operating within the United States; the debt must mature within three years; the debt must carry at least two ratings not below "AA- or Aa3" from any nationally recognized rating agency; if the security is a money market instrument such as commercial paper or bankers' acceptance, then it must carry at least two credit ratings from any nationally recognized credit rating agency and must not be rated below "A1, P1, or F1"; and the book value of the local government's investment in this type of debt shall at no time exceed 50% of the government's investment portfolio, or if 5% of the book value of the debt is issued by a single corporation or bank unless the governing body authorizes a greater percent.

District policy is to hold investments until maturity.

Interest Rate Risk

The District has adopted an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, which is consistent with state statutes. Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

Cash deposits and cash equivalents held by the District were as follows at December 31:

	2023	2022
Cash on Hand	\$ 1,000	\$ 1,000
Bank Deposits	3,475,219	2,349,229
Local Government Investment Pool	11,259,588	12,211,208
Total Cash and Cash Equivalents	<u>\$ 14,735,807</u>	<u>\$ 14,561,437</u>

Investments held by the District at December 31, 2023, were as follows:

	S & P Rating	Moody's Rating	Fair Value	Weighted Average Years to Maturity	Concentration of Credit Risk
U.S. Instrumentality and Treasury Notes:					
FHLB	AA+	Aaa	\$ 2,488,633	0.82	10.03%
FANNIE MAE	AA+	Aaa	969,535	0.96	3.91%
FREDDIE MAC	AA+	Aaa	1,243,660	0.75	5.01%
Treasury Notes	AA+	Aaa	5,869,514	1.20	23.66%
FFCB	AA+	Aaa	2,585,832	1.23	10.42%
Corporate Notes	A+ to AAA	A1 to Aaa	396,104	1.69	1.60% *
Total			<u>\$ 13,553,278</u>		

* No individual issuer compromised 5% or more of the total investments.

Investments held by the District at December 31, 2022, were as follows:

	S & P Rating	Moody's Rating	Fair Value	Weighted Average Years to Maturity	Concentration of Credit Risk
U.S. Instrumentality, Municipal Bonds, and Treasury Notes:					
FHLB	AA+	Aaa	\$ 1,937,306	1.52	7.26%
FANNIE MAE	AA+	Aaa	1,923,898	1.17	7.21%
FREDDIE MAC	AA+	Aaa	1,000,890	1.75	3.75%
Treasury Notes	AA+	Aaa	6,671,016	1.39	25.01%
FFCB	AA+	Aaa	1,540,951	0.72	5.78%
Corporate Bonds	A+ to AA+	A1 to Aa3	1,386,252	1.04	5.20% *
Total			<u>\$ 14,460,313</u>		

* No individual issuer compromised 5% or more of the total investments.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value of Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs for an asset or liability.

The District had the following fair value measurements as of December 31, 2023:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Government Bonds	\$ 5,869,514	\$ 5,869,514	\$ -	\$ -
Government Agencies	7,287,660	-	7,287,660	-
Corporate Bonds	396,104	-	396,104	-
Total Investments by Fair Value	<u>\$ 13,553,278</u>	<u>\$ 5,869,514</u>	<u>\$ 7,683,764</u>	<u>\$ -</u>

The District had the following fair value measurements as of December 31, 2022:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Government Bonds	\$ 6,671,016	\$ 6,671,016	\$ -	\$ -
Government Agencies	6,403,045	-	6,403,045	-
Corporate Bonds	1,386,252	-	1,386,252	-
Total Investments by Fair Value	<u>\$ 14,460,313</u>	<u>\$ 6,671,016</u>	<u>\$ 7,789,297</u>	<u>\$ -</u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Local Government Investment Pools

At December 31, 2023 and 2022, the District had invested \$11,259,588 and \$12,211,208, respectively, in COLOTRUST, a local government investment pool. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST is exempt from registration with the Securities and Exchange Commission. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury Securities and the highest rated commercial paper. Wells Fargo Bank serves as custodian for COLOTRUST's portfolios and provides services as the depository in connection with direct investments owned by COLOTRUST. COLOTRUST is measured at Net Asset Value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period. Separate financial statements can be obtained by going to www.colotruster.com.

NOTE 3 RESTRICTED ASSETS

Amounts shown as restricted assets have been; 1) restricted by bond indentures to be used for specified purposes; or 2) restricted by allotment contracts for future capital construction. The following is a summary of restricted assets at December 31:

	2023	2022
Debt Service Account:		
Paying Current Principal and Interest on Bonds and Loan	\$ 3,298,073	\$ 3,299,049
Total Restricted Assets	\$ 3,298,073	\$ 3,299,049

The following amounts have been designated by Board resolutions to be used for specific purposes. These amounts have been included in unrestricted cash and cash equivalents and unrestricted investments at December 31:

	2023	2022
Board-Designated Funds:		
Replacement Fund	\$ 5,793,698	\$ 7,991,635
Water Acquisition Fund	2,780,476	3,344,286
Capital Fund	647,476	76,146
Dental Fund	10,000	10,000
Total Designated Funds	\$ 9,231,650	\$ 11,422,067

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 RECEIVABLES

Receivables consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Water Service	\$ 595,824	\$ 496,867
Developer Agreements Receivable	1,092,500	312,000
Other Receivables	162,310	11,627
Total Current Receivables	<u>\$ 1,850,634</u>	<u>\$ 820,494</u>

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land, Easements and Water Rights	\$ 49,436,733	\$ -	\$ -	\$ -	\$ 49,436,733
Construction in Progress	13,575,976	7,105,302	-	-	20,681,278
Total Capital Assets, Not Being Depreciated	63,012,709	7,105,302	-	-	70,118,011
Capital Assets, Being Depreciated:					
Transmission and Distribution System	87,471,419	2,439,181	(24,203)	-	89,886,397
Facilities	37,786,594	218,341	(6,962)	-	37,997,973
Vehicles and Equipment	1,577,089	92,504	(120,382)	-	1,549,211
Furniture and Equipment	1,078,992	85,277	(26,912)	-	1,137,357
Water Service Agreement	1,500,000	-	-	-	1,500,000
Total Capital Assets, Being Depreciated	129,414,094	2,835,303	(178,459)	-	132,070,938
Less: Accumulated Depreciation					
Transmission and Distribution System	(34,412,884)	(2,166,340)	6,504	-	(36,572,720)
Facilities	(8,748,638)	(959,504)	3,377	-	(9,704,765)
Vehicles and Equipment	(1,134,878)	(56,413)	111,757	-	(1,079,534)
Furniture and Equipment	(365,664)	(165,859)	26,912	-	(504,611)
Water Service Agreement	(1,500,000)	-	-	-	(1,500,000)
Total Accumulated Depreciation	(46,162,064)	(3,348,116)	148,550	-	(49,361,630)
Total Capital Assets, Being Depreciated, Net	83,252,030	(512,813)	(29,909)	-	82,709,308
Total Capital Assets, Net	<u>\$ 146,264,739</u>	<u>\$ 6,592,489</u>	<u>\$ (29,909)</u>	<u>\$ -</u>	<u>\$ 152,827,319</u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land, Easements and Water Rights	\$ 49,436,733	\$ -	\$ -	\$ -	\$ 49,436,733
Construction in Progress	11,370,885	6,180,440		(3,975,349)	13,575,976
Total Capital Assets, Not Being Depreciated	60,807,618	6,180,440	-	(3,975,349)	63,012,709
Capital Assets, Being Depreciated:					
Transmission and Distribution System	83,423,070	73,000	-	3,975,349	87,471,419
Facilities	37,786,594	-	-	-	37,786,594
Vehicles and Equipment	1,480,695	220,573	(124,179)	-	1,577,089
Furniture and Equipment	1,023,225	55,767	-	-	1,078,992
Water Service Agreement	1,500,000	-	-	-	1,500,000
Total Capital Assets, Being Depreciated	125,213,584	349,340	(124,179)	3,975,349	129,414,094
Less: Accumulated Depreciation					
Transmission and Distribution System	(32,225,745)	(2,187,139)	-		(34,412,884)
Facilities	(7,793,087)	(955,551)	-		(8,748,638)
Vehicles and Equipment	(1,115,020)	(144,037)	124,179		(1,134,878)
Furniture and Equipment	(317,987)	(47,677)			(365,664)
Water Service Agreement	(1,500,000)				(1,500,000)
Total Accumulated Depreciation	(42,951,839)	(3,334,404)	124,179	-	(46,162,064)
Total Capital Assets, Being Depreciated, Net	82,261,745	(2,985,064)	-	3,975,349	83,252,030
Total Capital Assets, Net	\$ 143,069,363	\$ 3,195,376	\$ -	\$ -	\$ 146,264,739

NOTE 6 LONG-TERM DEBT

A summary of the District's long-term debt is as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
2014 Loan - Colorado Water Resources and Power Development Authority (CWR&PDA)		
\$29,900,336 May 1, 2014, CWR&PDA Loan, from the state of Colorado Drinking Water Revolving Fund, with escalating principal payments throughout the life of the loan. Interest with a rate of 2.80% along with principal and an administrative fee of 0.8% are payable semi-annually on February 1 and August 1. The proceeds were used to finance upgrades to the existing Dodd Water Treatment Plant.	\$ 17,374,276	\$ 18,809,513

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2023</u>	<u>2022</u>
2018 Loan - Colorado Water Resources and Power Development Authority \$3,100,000 October 23, 2018, CWR&PDA Loan, with escalating principal payments throughout the life of the loan. Interest with a rate of 2.00% along with principal are payable semi-annually on May 1 and November 1. The proceeds were used to finance the connection to the Southern Water Supply Pipeline II (SWSP II) at the Dodd Water Treatment Plant, including hydropower generation.	\$ 2,244,774	\$ 2,371,929
2018 Loan - Colorado Water Conservation Board \$10,000,000 February 22, 2018, state of Colorado acting by and through the Colorado Water Conservation Board, with escalating principal payments through the life of the loan. Interest with a rate of 2.75% along with principal are payable annually on February 1. The proceeds were used to finance the District's portion of the construction costs for the SWSP II project.	<u>9,226,068</u>	<u>9,618,283</u>
Subtotal	28,845,118	30,799,725
Unamortized Bond Premium	<u>140,347</u>	<u>153,820</u>
Total Long-Term Debt	<u>\$ 28,985,465</u>	<u>\$ 30,953,545</u>

Long-term debt activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2014 CWR&PDA Loan	\$ 18,809,513	\$ -	\$ (1,435,237)	\$ 17,374,276	\$ 1,443,696
2018 CWR&PDA Loan	2,371,929	-	(127,155)	2,244,774	129,711
2018 CWCB Loan	9,618,283	-	(392,215)	9,226,068	403,000
Compensated Absences	198,946	169,488	(173,694)	194,740	156,668
Total	<u>30,998,671</u>	<u>\$ 169,488</u>	<u>\$ (2,128,301)</u>	29,039,858	<u>\$ 2,133,075</u>
Current Portion of Long-Term Debt	(2,079,607)			(2,133,075)	
Unamortized Bond Premium	<u>153,820</u>			<u>140,347</u>	
Noncurrent Portion of Long-Term Debt	<u>\$ 29,072,884</u>			<u>\$ 27,047,130</u>	

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,976,407	\$ 679,164	\$ 2,655,571
2025	2,003,557	654,974	2,658,531
2026	2,025,292	630,577	2,655,869
2027	2,047,779	606,414	2,654,193
2028	2,105,256	552,424	552,424
2029-2033	11,418,095	1,864,334	13,282,429
2034-2038	5,402,169	576,452	5,978,621
2039-2043	1,866,563	103,589	1,970,152
Total	<u>\$ 28,845,118</u>	<u>\$ 5,667,928</u>	<u>\$ 32,407,790</u>

The above principal payments for the 2014 and 2018 loans with Colorado Water Resources and Power Development Authority and the 2018 loan with the Colorado Water Conservation Board are for the total amount of debt service payments.

Long term debt activity for the year December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2014 CWR&PDA Loan	\$ 20,231,291	\$ -	\$ (1,421,778)	\$ 18,809,513	\$ 1,435,237
2018 CWR&PDA Loan	2,496,579	-	(124,650)	2,371,929	127,155
2018 CWCB Loan	10,000,000	-	(381,717)	9,618,283	392,215
Compensated Absences	225,902	148,113	(175,069)	198,946	125,000
Total	<u>32,953,772</u>	<u>\$ 148,113</u>	<u>\$ (2,103,214)</u>	30,998,671	<u>\$ 2,079,607</u>
Current Portion of Long-Term Debt	(2,065,967)			(2,079,607)	
Unamortized Bond Premium	<u>167,293</u>			<u>153,820</u>	
Noncurrent Portion of Long-Term Debt	<u>\$ 31,055,098</u>			<u>\$ 29,072,884</u>	

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 7 RATE MAINTENANCE

The District's 2014 loan agreement with the CWR&PDA requires the District to establish, levy and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to: (1) meet the operation and maintenance expenses of the system, (2) to comply with all covenants in the loan resolution, and (3) pay at least 110% of debt service on the CWR&PDA loan and any debt service on any indebtedness payable on a parity with the lien or charge of this loan agreement.

The following calculation shows the District's compliance with this loan agreement for the year ended December 31, 2023:

Operating Revenues	\$ 11,003,603
Capital Contributions	<u>3,725,750</u>
Subtotal	14,729,353
Operation and Maintenance Expense	<u>(6,200,308)</u>
Net Revenue as Defined in 2014 CWR&PDA Loan Resolution	<u>\$ 8,529,045</u>
2024 Principal Due	\$ 1,443,696
2024 Interest Due	<u>381,197</u>
Subtotal	1,824,893
	<u>x 110%</u>
Required Revenue as Defined in 2014 CWR&PDA Loan Resolution	<u>\$ 2,007,382</u>

The District's 2018 loan agreement with the CWR&PDA requires the District to establish, levy and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to: (1) meet the operation and maintenance expenses of the system, (2) to comply with all covenants in the loan resolution, and (3) pay at least 110% of debt service on the CWR&PDA loan and any debt service on any indebtedness payable on a parity with the lien or charge of this loan agreement.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 7 RATE MAINTENANCE (CONTINUED)

The following calculation shows the District's compliance with this loan agreement for the year ended December 31, 2023:

Operating Revenues	\$ 11,003,603
Capital Contributions	<u>3,725,750</u>
Subtotal	14,729,353
Operation and Maintenance Expense	<u>(6,200,308)</u>
Net Revenue as Defined in 2018 CWR&PDA Loan Resolution	<u><u>\$ 8,529,045</u></u>
2024 Principal Due	\$ 129,711
2024 Interest Due	<u>44,250</u>
Subtotal	173,961
	x 110%
Required Revenue as Defined in 2018 CWR&PDA Loan Resolution	<u><u>\$ 191,357</u></u>
Required Revenue for the 2014 and 2018 CWR&PDA Loans	<u><u>\$ 2,198,739</u></u>

The District's 2018 loan agreement with the CWCB requires the District to establish, levy and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to: (1) meet the operation and maintenance expenses of the system, (2) to comply with all covenants in the loan resolution, and (3) pay annual amount of debt service on the CWCB loan and any debt service on any indebtedness payable on a parity with the lien or charge of this loan agreement.

The following calculation shows the District's compliance with this loan agreement for the year ended December 31, 2023:

Operating Revenues	\$ 11,003,603
Capital Contributions	<u>3,725,750</u>
Subtotal	14,729,353
Operation and Maintenance Expense	<u>(6,200,308)</u>
Net Revenue as Defined in 2018 CWCB Loan Resolution	<u><u>\$ 8,529,045</u></u>
2024 Principal Due	\$ 403,000
2024 Interest Due	<u>253,717</u>
Subtotal	656,717
	x 100%
Required Revenue as Defined in 2018 CWCB Loan Resolution	<u><u>\$ 656,717</u></u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 LEASE RECEIVABLES

The District leases cell tower locations to various organizations with initial terms ranging from 3 to 25 years. The District used the incremental borrowing rate of 4.90% to calculate the present value of expected lease payments.

The District received \$47,488 and approximately \$48,260 of lease income for the years ended December 31, 2023 and 2022, respectively.

Future minimum rental payments to be received on noncancellable leases are contractually due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 49,405	\$ 24,701	\$ 75,262
2025	48,245	22,502	70,747
2026	53,014	20,171	73,185
2027	59,001	17,535	76,536
2028	61,847	14,689	76,536
2029-2033	236,622	30,683	267,305
2034-2038	27,378	733	28,111
Total	<u>\$ 535,512</u>	<u>\$ 131,014</u>	<u>\$ 667,682</u>

NOTE 9 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO

The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

General Information about the Pension Plan

Plan Description

Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code.

Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

General Information about the Pension Plan (Continued)

As of December 31, 2022, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive postretirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 will receive an annual increase of 1.00% unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.00% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned annual increase by up to .25% based on the parameters specified C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formulas shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions

Contributions provisions as of December 31, 2023: Eligible employees of the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413.

Contributions provisions as of December 31, 2023: Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2022 through June 30, 2022 were 8.5%, and July 1, 2022 through December 31, 2023 were 9.00%. Employer contribution rates for the period of January 1, 2022 through December 31, 2023 are summarized in the table on the next page:

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

General Information about the Pension Plan (Continued)

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through December 31, 2023
Employer Contribution Rate ¹	10.50%	11.00%	11.00%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02%)	(1.02%)	(1.02%)
Amount Apportioned to the LGDTF ¹	9.48%	9.98%	9.98%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 ¹	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S § 24-51-411	1.50%	1.50%	1.50%
Defined Contribution Supplement as Specified in C.R.S. § 24-51-415	0.03%	0.03%	0.06%
Total Employer Contribution Rate to the LGDTF ¹	<u>13.21%</u>	<u>13.71%</u>	<u>13.74%</u>

Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$314,108 and \$285,182 for the years ended December 31, 2023 and 2022, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the District reported a liability of \$2,594,351 for its proportionate share of the net pension liability. The net pension liability for the District was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022.

Standard update procedures were used to roll forward the total pension liability to December 31, 2022. The District's proportion of the net pension asset was based on the District's contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2022, the District's proportion was 0.2587718196%, which was a decrease of 0.0266322883% from its proportion measured as of December 31, 2021.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

For the years ended December 31, 2023 and 2022, the District recognized pension income of \$133,296 and pension expense of \$(592,709), respectively. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 12,933
Changes of Assumptions or other Inputs	-	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	1,051,374	-
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	-	94,985
Contributions Subsequent to the Measurement Date	314,108	-
Total	<u>\$ 1,365,482</u>	<u>\$ 107,918</u>

At December 31, 2022, the District reported an asset of \$244,697 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020.

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 11,958	\$ 4,087
Changes of Assumptions or Other Inputs	82,947	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	2,116,677
Changes in Proportion and Difference Between		
Contributions Recognized and Proportionate Share		
Shares of Contributions	2,514	24,133
Contributions Subsequent to the Measurement Date	285,182	-
Total	<u>\$ 382,601</u>	<u>\$ 2,144,897</u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

As of December 31, 2023, \$314,108 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ (198,216)
2025	141,156
2026	387,695
2027	612,821
2028	-
Total	<u>\$ 943,456</u>

Actuarial Assumptions

The total pension liability (TPL) in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.20 - 11.30%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007	1.00% Compounded
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

¹ Postretirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every four to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Based on the above assumptions and methods, the LGDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

For the years ended December 31, 2023 and 2022, the following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate for 2023 and 2022:

<u>Discount Rate</u>	Year Ended December 31, 2023		
	One Percent Decrease (6.25%)	Current Discount Rate (7.25%)	One Percent Increase (8.25%)
	Proportionate Share of the Net Pension Liability (Asset)	\$ 4,355,262	\$ 2,594,351
<u>Discount Rate</u>	Year Ended December 31, 2022		
	One Percent Decrease (6.25%)	Current Discount Rate (7.25%)	One Percent Increase (8.25%)
	Proportionate Share of the Net Pension Liability (Asset)	\$ 1,677,785	\$ (244,697)

Pension Plan Fiduciary Net Position

Detailed information about the LGDTF's fiduciary net position is available in PERA's annual comprehensive financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan Description

Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report(ACFR) that can be obtained at

www.copera.org/investments/pera-financial-reports.

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four divisions (State Division, School Division, Local Government Division and Judicial Division Trust Funds), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (Continued)

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy if enrolled in a health care plan under PERACare.

Enrollment in PERACare is voluntary and available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$23,318 and \$21,618 for the years ended December 31, 2023 and 2022, respectively.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2023 and 2022, the District reported a liability of \$170,535 and \$191,315 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF. At December 31, 2022, the District's proportion was 0.0208866564%, which was an decrease of 0.0012998436% from its proportion measured as of December 31, 2021.

For the years ended December 31, 2023 and 2022, the District recognized OPEB expense of \$181 and \$2,989, respectively. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 22	\$ 41,241
Changes of Assumptions or other Inputs	2,741	18,822
Net Difference between Projected and Actual		
Earnings on OPEB Plan Investments	10,415	-
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
Share of Contributions	5,657	14,494
Contributions Subsequent to the Measurement Date	<u>23,318</u>	<u>-</u>
Total	<u>\$ 42,153</u>	<u>\$ 74,557</u>

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 292	\$ 45,363
Changes of Assumptions or other Inputs	3,960	10,378
Net Difference between Projected and Actual		
Earnings on OPEB Plan Investments	-	11,842
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
Shares of Contributions	10,808	3,856
Contributions Subsequent to the Measurement Date	<u>21,618</u>	<u>-</u>
Total	<u>\$ 36,678</u>	<u>\$ 71,439</u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$18,289 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ (18,566)
2025	(15,956)
2026	(9,411)
2027	(3,415)
2028	(6,794)
Thereafter	(1,579)
Total	<u>\$ (55,721)</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.20%-11.30%
Long-Term Investment Rate of Return, Net of OPEB Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	6.5% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A Premiums	3.75% for 2022, gradually increasing to 4.50% in 2029

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing costs between employers of each fund to that point.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and older	0.00%	0.00%

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021. Valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

The post-retirement non-disabled mortality assumption were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions
- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016 through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020 meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	54.00 %	5.60%
Fixed Income	23.00 %	1.30%
Private Equity	8.50 %	7.10%
Real Estate	8.50 %	4.40%
Alternatives	6.00 %	4.70%
Total	100.00 %	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

Sensitivity of the District's Proportionate Share of the net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	Year ended December 31, 2023		
	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liab	\$ 165,708	\$ 170,535	\$ 175,787

	Year ended December 31, 2022		
	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liab	\$ 185,821	\$ 191,315	\$ 197,680

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	Year ended December 31, 2023		
Discount Rate:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	<u>\$ 197,701</u>	<u>\$ 170,535</u>	<u>\$ 147,300</u>
	Year ended December 31, 2022		
Discount Rate:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	<u>\$ 222,193</u>	<u>\$ 191,315</u>	<u>\$ 164,941</u>

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 11 VOLUNTARY INVESTMENT PROGRAM

Description

Employees of the District who are members of the LGDTF (see Note 9) may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the PERA Board of Trustees. PERA issues a publicly available annual comprehensive financial report for the 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 11 VOLUNTARY INVESTMENT PROGRAM (CONTINUED)

Funding Policy

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$22,500 for the calendar year 2023 and \$20,500 for the calendar year 2022). Catch-up contributions up to \$7,500 and \$6,500 for calendar years 2023 and 2022, respectively, were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC 414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the years ended December 31, 2023 and 2022, the 401(k) Plan member contributions were \$186,491 and \$164,942, respectively.

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or natural disasters. The District carries commercial insurance for all risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

NOTE 13 RELATED PARTY TRANSACTIONS

The District has an agreement with the Left Hand Ditch Company to transfer and exchange Northern Colorado Water Conservancy District (Big T) water and Left Hand Ditch Company water pursuant to certain restrictive terms and conditions. This agreement is automatically renewable unless terminated by written mutual agreement between the parties. As of December 31, 2023, the District owns approximately 17% of Left Hand Ditch Company water shares.

NOTE 14 TABOR COMPLIANCE

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. 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 of such revenue.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 14 TABOR COMPLIANCE (CONTINUED)

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.

TABOR excludes from its provisions enterprise funds. Enterprise funds, defined as government-owned businesses authorized to issue revenue bonds and receiving less than

10% of their annual revenue in grants from all state and local governments combined, are excluded from certain provisions of TABOR.

Because the District qualifies as an enterprise fund, the District's management believes it is excluded from 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.

REQUIRED SUPPLEMENTARY INFORMATION

**LEFT HAND WATER DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS***

	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
District's Proportion of the Net Pension Liability	0.2587718196%	0.2854041079%	0.2900737868%	0.2881126485%	0.2716711225%	0.2823013025%	0.2693165236%	0.2852232665%
District's Proportional Share of the Net Pension Liability (Asset)	\$ 2,594,351	\$ (244,697)	\$ 1,511,653	\$ 2,107,230	\$ 3,415,481	\$ 3,143,227	\$ 3,636,691	\$ 3,141,965
District's Covered Payroll	\$ 2,119,505	\$ 2,123,666	\$ 2,048,275	\$ 1,984,072	\$ 1,781,873	\$ 1,780,481	\$ 1,632,395	\$ 1,619,847
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	122.40%	-11.52%	73.80%	106.21%	191.68%	176.54%	222.78%	193.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.00%	101.49%	90.88%	86.26%	75.96%	79.37%	73.65%	76.87%

* Information for the prior 10 years was not available to report. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

**LEFT HAND WATER DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
2014 – 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 314,108	\$ 285,182	\$ 280,323	\$ 264,786	\$ 251,577	\$ 225,942	\$ 225,765	\$ 206,988	\$ 205,397	\$ 197,882
Contributions in Relation to the Statutorily Required Contribution	314,108	285,182	280,323	264,786	251,577	225,942	225,765	206,988	205,397	197,882
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,286,007	\$ 2,119,505	\$ 2,123,656	\$ 2,048,275	\$ 1,984,072	\$ 1,781,873	\$ 1,780,481	\$ 1,632,395	\$ 1,619,847	\$ 1,560,580
Contributions as a Percentage of Covered Payroll	13.74%	13.46%	13.20%	12.93%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

**LEFT HAND WATER DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST TEN FISCAL YEARS***

	2023	2022	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
District's Proportion of the Net OPEB Liability	0.0208866560%	0.0221865027%	0.0221495890%	0.0220658883%	0.0210681167%	0.0219361185%	0.0206737052%
District's Proportional Share of the Net OPEB Liability	\$ 170,535	\$ 191,315	\$ 210,471	\$ 248,020	\$ 286,641	\$ 285,082	\$ 288,042
District's Covered Payroll	2,119,505	2,123,666	2,048,275	1,984,072	1,781,873	1,780,481	1,632,395
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.00%	9.01%	10.28%	12.50%	16.09%	16.01%	16.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	38.60%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

* Information for the prior 10 years was not available to report. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

**LEFT HAND WATER DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
2015 – 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 23,318	\$ 21,619	\$ 21,661	\$ 20,892	\$ 20,238	\$ 18,175	\$ 18,165	\$ 16,650	\$ 16,522
Contributions in Relation to the Statutorily Required Contribution	23,318	21,619	21,661	20,892	20,238	18,175	18,165	16,650	16,522
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,286,077	\$ 2,119,505	\$ 2,123,656	\$ 2,048,275	\$ 1,984,072	\$ 1,781,873	\$ 1,780,481	\$ 1,632,395	\$ 1,619,847
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

SUPPLEMENTARY INFORMATION

**LEFT HAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET TO
ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2023**

	2023 BUDGET	2023 ACTUAL	VARIANCE WITH FINAL BUDGET
OPERATING FUND			
SOURCES OF FUNDS			
Operating Revenue	13,410,500	10,901,810	(2,508,690)
Non-Operating Revenue	577,670	1,170,629	592,959
Transfers from Capital Fund	913,620	-	(913,620)
TOTAL SOURCES OF FUNDS	14,901,790	12,072,439	(2,829,351)
USES OF FUNDS			
Operating Expenditures	7,523,180	6,382,566	1,140,614
Non-Operating Expenditures	77,500	115,368	(37,868)
Debt Service	2,644,620	2,629,628	14,992
Capital Expenditures	514,400	271,750	242,650
Transfers to Other Funds	2,200,000	2,200,000	-
TOTAL USES OF FUNDS	12,959,700	11,599,312	1,360,388
NET INCREASE/(DECREASE) IN FUND	1,942,090	473,127	(1,468,963)
CAPITAL FUND			
SOURCES OF FUNDS			
Customer Tap and Line Fees	2,859,000	571,330	(2,287,670)
Debt Proceeds	-	-	-
Transfers from Operating Fund	-	-	-
TOTAL SOURCES OF FUNDS	2,859,000	571,330	(2,287,670)
USES OF FUNDS			
Construction	-	-	-
Transfers to Operating Fund	913,620	-	913,620
TOTAL USES OF FUNDS	913,620	-	913,620
NET INCREASE/(DECREASE) IN FUND	1,945,380	571,330	(1,374,050)

**LEFT HAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET TO
ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	2023 BUDGET	2023 ACTUAL	VARIANCE WITH FINAL BUDGET
REPLACEMENT FUND			
SOURCES OF FUNDS			
Transfers from Operating Fund	2,200,000	2,200,000	-
Contributions in Aid of Construction	120,000	-	(120,000)
TOTAL SOURCES OF FUNDS	2,320,000	2,200,000	(120,000)
USES OF FUNDS			
Construction	6,110,000	4,397,936	1,712,064
TOTAL USES OF FUNDS	6,110,000	4,397,936	1,712,064
NET INCREASE/(DECREASE) IN FUND	(3,790,000)	(2,197,936)	(1,832,064)
WATER ACQUISITION FUND			
SOURCES OF FUNDS			
Customer Tap Fees	6,637,500	2,267,900	(4,369,600)
Transfers from Operating Fund	-	-	-
TOTAL SOURCES OF FUNDS	6,637,500	2,267,900	(4,369,600)
USES OF FUNDS			
Water Rights Acquisition	-	-	-
NISP Participation	2,831,710	2,831,710	-
TOTAL USES OF FUNDS	2,831,710	2,831,710	-
NET INCREASE/(DECREASE) IN FUND	3,805,790	(563,810)	(4,369,600)

**LEFT HAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET TO
ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	2023 BUDGET	2023 ACTUAL	VARIANCE WITH FINAL BUDGET
CONSOLIDATED FUNDS			
SOURCES OF FUNDS			
Operating Fund	14,901,790	12,072,439	(2,829,351)
Capital Fund	2,859,000	571,330	(2,287,670)
Replacement Fund	2,320,000	2,200,000	(120,000)
Water Acquisition Fund	6,637,500	2,267,900	(4,369,600)
TOTAL SOURCES OF FUNDS	26,718,290	17,111,669	(9,606,621)
Less Interfund Transfers	(3,113,620)	(2,200,000)	913,620
TOTAL NET SOURCES OF FUNDS	23,604,670	14,911,669	(8,693,001)
USES OF FUNDS			
Operating Fund	12,959,700	11,599,312	(1,360,388)
Capital Fund	913,620	-	(913,620)
Replacement Fund	6,110,000	4,397,936	(1,712,064)
Water Acquisition Fund	2,831,710	2,831,710	-
TOTAL USES OF FUNDS	22,815,030	18,828,958	(3,986,072)
Less Interfund Transfers	(3,113,620)	(2,200,000)	913,620
TOTAL NET USES OF FUNDS	19,701,410	16,628,958	(3,072,452)
NET CONSOLIDATED INCREASE/(DECREASE)	3,903,260	(1,717,289)	(5,620,549)



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Left Hand Water District
Niwot, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Left Hand Water District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Left Hand Water District's basic financial statements, and have issued our report thereon dated June 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Left Hand Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Left Hand Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Left Hand Water District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We identified one deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Left Hand Water District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Left Hand Water District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Left Hand Water District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Broomfield, Colorado
June 6, 2024

SCHEDULE OF FINDINGS AND RESPONSES

2023 – 001 Incorrect Water Utility Billing

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: Customers were charged incorrect amounts related to improper Meter readings.

Criteria or Specific Requirement: Internal Controls should be in place to provide reasonable assurance that all customer utility fees are properly calculated and charged.

Effect: As a result, the following adjustments were required to be posted by the District:

- An adjustment to decrease water volume charge account for \$238,831 and state an accounts payable balance of \$238,831 to refund customers for incorrect water volume charges.

Cause: Automated Meter readings were pulling incorrect customer data.

Repeat Finding: This was not a repeat finding.

Recommendation: The District identified incorrect customer Meter readings during the fiscal year 2023 Audit. We recommend the District review customer Meter readings and strengthen internal controls over customer charges.

Views of Responsible Officials and Planned Corrective Actions: The District and CLA are in agreement. As noted in the report, Management identified the Meter reading error and took immediate steps to correct the customer Billing accounts. Staff and Management identified the source of the miscalculation and created a report in the Utility Billing system to identify any affected additional accounts affected. Affected customers were notified and the corrective steps were taken by April 22, 2024.

Staff and Management have added additional reports and review steps to standard procedures when processing customer bills to mitigate the potential for this error to be replicated in the future.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.