

**LONGS PEAK WATER DISTRICT, COLORADO**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**LONGS PEAK WATER DISTRICT, COLORADO  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Longs Peak Water District  
Longmont, Colorado

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the business-type activities of Longs Peak Water District (the "District") as of and for the year ended December 31, 2023 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

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

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 on pages 4-6 and pension information on pages 26-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenue and expenditures compared with the budget on pages 28-29 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenue and expenditures compared with the budget are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenue and expenditures compared with the budget are 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 February 6, 2024, on our consideration of the 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 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 the District's internal control over financial reporting and compliance.

ATLAS CPAs & Advisors PLLC

Longmont, CO  
February 6, 2024

**LONGS PEAK WATER DISTRICT, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**DECEMBER 31, 2023**

This is an analysis and overview of the financial activities of the Longs Peak Water District (the District) for the year ended December 31, 2023. This information should be read in conjunction with the financial statements and notes which follow:

**FINANCIAL HIGHLIGHTS**

- As of December 31, 2023, approximately \$16.1 million was held in net position for the provision of future services to citizens.
- For fiscal year 2023, the total net position increased by \$240,375 or 1.51% from 2022. This was primarily from increases in other income.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following discussion and analysis is intended to serve as an introduction to the District's financial statements which follow. The statements include:

1. Statement of Net Position
2. Statement of Revenue, Expenses, and Changes in Net Position
3. Statement of Cash Flows
4. Notes to Financial Statements

*Statements of revenue, expenses, and changes in net position* present the District revenue and expenses for the year ended December 31, 2023.

*Statements of cash flows* show the net cash flows from activities for the year ended December 31, 2023.

These statements are in compliance with Governmental Accounting Standards Board (GASB) Statements. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The District's financial statements comply with all material requirements of these pronouncements.

These statements provide a snapshot of the District's assets and liabilities as of December 31, 2023 and the activities which occurred during the year. All statements were prepared using the accrual basis of accounting as required by GASB.

*Notes to financial statements* provide additional information which is essential to a full understanding of the basic financial statements.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**DECEMBER 31, 2023**

**FINANCIAL ANALYSIS**

As of December 31, the District's net position was:

	<u>2023</u>		<u>2022</u>
Cash	\$ 243,248	\$	160,613
Investments	3,801,418		3,655,098
Receivables, net	502,341		564,682
Prepays	41,575		41,575
Net pension asset	-		37,736
Capital Assets, net	12,232,686		12,269,823
Deferred outflows of resources	215,645		62,484
Total Assets and Deferred Outflows	<u>17,036,913</u>		<u>16,792,011</u>
Less: Liabilities and Deferred Inflows	<u>881,698</u>		<u>877,171</u>
Net Position	\$ <u>16,155,215</u>	\$	<u>15,914,840</u>

The following is a comparison of the District's results of operations:

	<u>2023</u>		<u>2022</u>
Revenues:			
Water sales	\$ 1,245,458	\$	1,407,168
Other income	446,150		211,654
Capital contributions	19,600		31,500
Total Revenues	<u>1,711,208</u>		<u>1,800,205</u>
Expenses:			
Operating expenses:			
Cost of water	308,700		323,325
Water operating	799,083		658,179
General and administrative	363,050		332,379
Total Expenses	<u>1,470,833</u>		<u>1,313,883</u>
Net Income	\$ <u>240,375</u>	\$	<u>486,322</u>

**LONGS PEAK WATER DISTRICT, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**DECEMBER 31, 2023**

Net position has changed due to the following:

- During 2023, expenses increased by 11.9%, caused in part by increases in payroll costs, in overall operating expenses, and also due to an increase in water treatment costs. Revenues also decreased by 4.9%, caused by a slight decrease in water sales in current year.

*Capital Assets.* The District's investment in capital assets for its business-type activities as of December 31, 2023, total \$12,232,686 (net of accumulated depreciation). This investment includes all land, buildings, vehicles, and equipment. The total decrease in capital assets for the current year was \$37,137.

The District implemented the straight-line depreciation method under GASB 34 for its capital assets, except for land and water rights which are not depreciated. Additional information on the District's capital assets can be found in Note 3 of this report.

**REQUEST FOR INFORMATION**

This discussion and analysis is designed to provide a general overview of the District's activities for the year ended December 31, 2023. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: General Manager, Longs Peak Water District, 9875 Vermillion Road, Longmont, CO 80504.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

ASSETS AND DEFERRED OUTFLOWS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 243,248
Investments, at fair value	3,801,418
Accounts receivable, net	56,899
Lease receivable	445,442
Prepays	<u>41,575</u>
TOTAL CURRENT ASSETS	<u>4,588,582</u>
CAPITAL ASSETS	
Land, ditch stock, and water rights	7,565,876
Capital assets, depreciable	<u>10,178,050</u>
Total capital assets	17,743,926
Accumulated depreciation	<u>(5,511,240)</u>
NET CAPITAL ASSETS	<u>12,232,686</u>
TOTAL ASSETS	<u>16,821,268</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	213,640
Deferred outflows of resources related to OPEB	<u>2,005</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>215,645</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 17,036,913</u>
LIABILITIES AND DEFERRED INFLOWS	
CURRENT LIABILITIES	
Accounts payable	\$ 5,786
Accrued payroll and liabilities	13,375
Unearned revenue	<u>164</u>
TOTAL CURRENT LIABILITIES	<u>19,325</u>
LONG-TERM LIABILITIES	
Net pension liability	395,280
Net OPEB liability	<u>25,943</u>
TOTAL LONG-TERM LIABILITIES	<u>421,223</u>
TOTAL LIABILITIES	<u>440,548</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	1,971
Deferred inflows of resources related to OPEB	18,274
Deferred inflows of resources related to leases	<u>420,905</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>441,150</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>881,698</u>
NET POSITION	
Net investment in capital assets	12,232,686
Unrestricted	<u>3,922,529</u>
TOTAL NET POSITION	<u>\$ 16,155,215</u>

The accompanying notes are an integral part of the financial statements.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2023**

OPERATING REVENUES	
Water sales	\$ 1,245,458
Miscellaneous water income	108,549
TOTAL OPERATING REVENUES	1,354,007
OPERATING EXPENSES	
Water treatment	202,509
Water rights assessments	106,191
Administration	363,050
Water operating expenses	799,083
TOTAL OPERATING EXPENSES	1,470,833
OPERATING LOSS	(116,826)
NONOPERATING REVENUE	
Rental income	103,787
Interest income	191,814
Gain on disposal of property and equipment	42,000
NONOPERATING REVENUE	337,601
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	220,775
CAPITAL CONTRIBUTIONS	
Capital contributions	19,600
CHANGE IN NET POSITION	240,375
NET POSITION, Beginning of Year	15,914,840
NET POSITION, Ending	\$ 16,155,215

The accompanying notes are an integral part of the financial statements.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2023**

Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 1,343,491
Cash Paid to Suppliers and Employees	<u>(1,208,254)</u>
Net Cash Provided by Operating Activities	<u>135,237</u>
Cash Flows From Capital and Related Financing Activities:	
Capital contributions	19,600
Purchase of property and equipment	<u>(253,717)</u>
Net Cash (Used) by Capital Financing Activities	<u>(234,117)</u>
Cash Flows From Noncapital Financing Activities:	
Other non-operating revenue	<u>103,787</u>
Cash Flows From Investing Activities:	
Interest and dividends received	191,814
Purchases of investments	<u>(114,086)</u>
Net Cash Provided by Investing Activities	<u>77,728</u>
Net Increase in Cash	82,635
CASH AND CASH EQUIVALENTS, Beginning	<u>160,613</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 243,248</u>
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities:	
Operating Loss	<u>\$ (116,826)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation and Amortization Expense	290,854
Changes in Assets and Liabilities:	
(Increase) Decrease in Lease receivable	62,341
(Increase) Decrease in Net pension asset	37,736
(Increase) Decrease in Deferred outflows related to pensions	(151,812)
(Increase) Decrease in Deferred outflows related to OPEB	8,417
Increase (Decrease) in Accounts payable	5,287
Increase (Decrease) in Accrued payroll and liabilities	(2,396)
Increase (Decrease) in Net pension liability	395,280
Increase (Decrease) in Net OPEB liability	(3,560)
Increase (Decrease) Deferred inflows of resources related to leases	(72,857)
Increase (Decrease) Deferred inflows of resources related to pensions	(325,079)
Increase (Decrease) Deferred inflows of resources related to OPEB	<u>7,852</u>
Total Adjustments	<u>252,063</u>
Net Cash Provided by Operating Activities	<u>\$ 135,237</u>

The accompanying notes are an integral part of the financial statements.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of the Longs Peak Water District's (the "District") significant accounting policies is to assist the reader with interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

**Form of Organization**

The District is an independent governmental entity organized in 1960, under the provisions of the Colorado Revised Statutes. The District's Board of Directors is elected by property owners of the District and has the responsibilities for designation of management, operational decisions, and budget matters. The District is fully responsible for its financial matters and is not financially interdependent with another governmental unit. Revenues are derived by service charges determined by the Board. The District exists for the benefit of its residents and services of the District are generally available to the residents of the District.

**Scope of Reporting Entity**

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

**Financial Reporting Entity**

For financial reporting purposes, management has considered all potential component units in defining the District. The basic criterion for including a potential component unit is the District's ability to exercise significant operational control or financial accountability with the District. Financial relationship or operational control is determined on the basis of the District's obligation to fund deficits, responsibility for debt, budgetary authority, fiscal management, selection of governing authority and/or management, and the ability to significantly influence operations.

Based on the criteria mentioned above, no other entities are considered to be component units of the District, nor is the District a component unit of any other governmental entity.

**Basis of Accounting**

The District currently operates as a business-type activity, which is accounted for as an "Enterprise Fund" as prescribed in governmental accounting standards because the intent of the Board is that costs and expenses (including depreciation) of providing services to its customers be financed or recovered primarily through user charges. The accrual basis of accounting is utilized for its operations. The District does not use encumbrance accounting.

The Enterprise Fund is accounted for on a cost of services "capital maintenance" measurement focus. Under this concept, all assets and all liabilities (whether current or noncurrent) associated with the activity are reported on the balance sheet. The reported fund equity (net position) is segregated into net investment in capital assets and unrestricted components. The proprietary fund type operation statement reports increases (revenues) and decreases (expenses) in net position.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

Enterprise funds distinguish operating from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are water charges and related services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**Cash Equivalents**

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are stated at cost except for property received by donation or contribution, which is stated at its estimated fair market value at the time it is received by the District. The cost of maintenance and repairs is charged against income as incurred; significant renewals, betterments, and improvements are capitalized.

Depreciation has been computed using the straight-line method based on lives of 30 to 50 years for the treatment plant and distribution lines and 5 to 10 years for service equipment.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has one item that qualifies for reporting in this category: changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category: changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

**Compensated Absences**

Employees of the District are entitled to paid vacation time depending on length of service. Accrued compensated absences totaled \$14,062 at December 31, 2023.

**Budgets**

Colorado state law requires the adoption of an annual budget. Appropriations lapse at the end of each year. The budget and related appropriations are prepared on the budgetary basis, which differs from accounting principles generally accepted in the United States, in that:

- Capital outlays are budgeted as expenditures.
- Depreciation is not budgeted.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

The District's Board of Directors adopts total budget appropriations for each of its funds. This is normally done in December of each year when notice is published in local newspapers and the proposed budget is held open for inspection by the taxpayers and a public hearing is held. The Board may transfer budget amounts between departments within any fund; however, any revision that alters the total appropriation of any fund requires that a budget revision be adopted by resolution in the same manner described above for adoption of the original budget. The level of budgetary responsibility is by total fund appropriations.

**Pensions**

The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multi-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.

**Other Postemployment Benefits (OPEB)**

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by PERA. The net OPEB liability, 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.

**Leases**

Effective January 1, 2022, the District implemented GASB No. 87, Leases. As the lessee, the District determines whether a contract is, or contains a lease at inception. Lease agreements with a maximum lease term of twelve months or less, including options to extend, are accounted for as short-term leases. Lease agreements that transfer ownership of the underlying asset to the District at the end of the contract are recorded as a finance purchase with a related lease liability. Lease agreements not classified as a short-term lease, or a finance purchase are accounted for as an intangible right to use lease asset. An Intangible right to use lease asset represents the District's right to use an underlying asset during the lease term and the lease liability represents the District's obligation to make lease payments arising from the lease. Intangible right to use lease assets and lease liabilities are recognized at lease commencement based upon the estimate present value of unpaid lease payments over the lease term. The District uses its incremental borrowing rate based on information available at lease commencement in determining the present value of unpaid lease payments. As the lessor, the District applies the same criteria but recognizes a lease receivable and a deferred inflow of resources equal to the present value of the lease payments.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Subscription-Based Information Technology Arrangements**

Effective January 1, 2023, the District implemented GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA) . The District determines whether a contract conveys control of the right to use another party's (SBITA vendor's) IT software, infrastructure, or data warehouse, alone or in combination with tangible capital assets (underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The SBITA liability is the present value of the annual payments using the District's incremental borrowing rate. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA asset is measured as the SBITA liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is depreciated (amortized) using a straight-line depreciation method over the term of the SBITA arrangement.

The District did not have any SBITA's applicable to the implementation of the new standard during the year ended December 31, 2023. Therefore, GASB No. 96 does not affect the financial statement presentation and disclosure.

**Coronavirus Disease (COVID-19)**

On January 3, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The District may be adversely affected through governmental and business closures resulting in a reduction of labor demand or supplies shortages. The District will continue to monitor the situation surrounding COVID-19 and evaluate the impact it will have on future operations.

**NOTE 2: CASH AND INVESTMENTS**

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages, and deeds of trust.

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in bank CD's of \$250,000 or less.

At December 31, 2023, the District had invested \$3,801,418 in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is valued at the net asset value (NAV) of \$1.00. Investments of COLOTRUST consist of bills, notes, and bonds issued by the U.S. Treasury or a government agency, and repurchase agreements secured by such obligations. COLOTRUST is rated AAA by Standard & Poor's. The District's interest is valued at NAV.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3: CAPITAL ASSETS**

	<u>Balance</u> <u>1/1/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/23</u>
Not depreciated:				
Land and water rights	\$ 7,565,876	\$ -	\$ -	\$ 7,565,876
Depreciable capital assets:				
Water exchange	118,278	-	22,964	95,314
Distribution system	5,791,194	33,203	-	5,824,397
Water treatment plant	1,820,053	118,995	-	1,939,048
Office building	1,010,904	-	-	1,010,904
Brown water distribution	19,573	-	-	19,573
Interconnect project – Little Thompson	793,217	-	-	793,217
Maintenance equipment	290,093	101,519	(57,952)	333,660
Office equipment	161,937	-	-	161,937
Total Depreciable Assets:	10,005,249	253,717	(34,988)	10,178,050
Less: Accumulated Depreciation	5,301,302	267,890	(57,952)	5,511,240
Net Capital Assets	\$ <u>12,269,823</u>	\$ <u>(14,173)</u>	\$ <u>(22,964)</u>	\$ <u>12,232,686</u>

**NOTE 4: LEASE INCOME**

The District leases water tower space under non-cancelable operating leases with 3 different tenants. Designated tower space was initially leased to two tenants via a five-year lease term. Upon expiration, the District and tenants renewed the lease for an additional five years with a 5% increase each year in monthly rent. The third tenant was initially leased space over a five-year least term, with four, five year renewals with a 3% increase each year in monthly rent.

Lease income totaled \$103,787 for the year ended December 31, 2023.

**NOTE 5: DEFINED BENEFIT PENSION PLAN - PERA**

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.

**LONGS PEAK WATER DISTRICT, COLORADO**  
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*Plan description:* Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund – 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 comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://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 percent and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100 percent 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 percent of highest average salary and also cannot exceed the maximum benefit allowed by the 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 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's annual increase reserve for the LGDTF.

*Contributions:* 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. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized as follows:

**LONGS PEAK WATER DISTRICT, COLORADO**  
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<u>Years Ended December 31:</u>	<u>2023</u>		<u>2022</u>	
Employer contribution rate as a percentage of salary	11.00	%	10.50	%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)		(1.02)	
Amount apportioned to the LGDTF	9.98		9.48	
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20		2.20	
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50		1.50	
Defined contribution supplement as specified in C.R.S. § 24-51-415	0.03		0.02	
Total Employer Contribution Rate to the LGDTF	13.71	%	13.20	%

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 \$52,268 for the year ended December 31, 2023.

At December 31, 2023 the District reported a liability of \$395,280 for its proportionate share of the net pension liability. The net pension liability 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, 2023. The District's proportion of the net pension liability 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, 2023, the District's proportion was .04 percent, and was .04 percent for the year ended December 31, 2022.

For the year ended December 31, 2023, the District recognized pension expense of \$(43,875). At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>December 31, 2023</u>	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	-	\$ 1,971
Net difference between projected and actual earnings on pension plan investments	161,372		-
Contributions subsequent to the measurement date	52,268		-
Total	\$ <u>213,640</u>	-	\$ <u>1,971</u>

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Deferred outflows of resources related to pensions of \$159,401, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31		Amount
2024	\$	39,850
2025		39,850
2026		39,850
2027		39,851
Total	\$	159,401

*Actuarial assumptions.* The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Price inflation	2.3 percent
Real wage growth	0.7 percent
Wage inflation	3.0 percent
Salary increases, including wage inflation	3.2 – 11.3 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Future post-retirement benefit increase: PERA	
Benefit Structure hired prior to 1/1/07 (automatic)	1.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

The actuarial assumptions used in the December 31, 2022, valuations were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on November 20, 2020.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The LGDTF's long-term expected rate of return on pension plan investments was determined using a long-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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<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 rate of return assumption of 7.25 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.5 percent every year until they are zero. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate:* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

<u>December 31, 2022</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net pension liability	\$ 663,576	\$ 395,280	\$ 170,672

*Pension plan fiduciary net position:* Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings.

**NOTE 6: OTHER POSTEMPLOYMENT BENEFITS - PERA**

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple- employer defined benefit Other Postemployment Benefit Plan (OPEB) fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, 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.

General Information about the OPEB Plan:

*Plan description:* Eligible employees of the District are provided with OPEB through the HCTF-a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended.

*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.

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.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others.

*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.

*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 percent 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 \$3,289 for the year ended December 31, 2023.

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:* At December 31, 2023, the District reported a liability of \$25,943 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF 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, 2022. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023. The District proportion of the net OPEB liability was based on the District contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District proportion was .004 percent, which was approximately the same as its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the District recognized OPEB expense of \$2,943. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>December 31, 2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3	\$ 6,274
Net difference between projected and actual earnings on pension plan investments	1,585	9,137
Changes in assumptions	417	2,863
Total	\$ <u>2,005</u>	\$ <u>18,274</u>

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31	Amount
2024	\$ (4,067)
2025	(4,067)
2026	(4,067)
2027	(4,068)
Total	\$ (16,269)

*Actuarial assumptions.* The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.20 – 11.30 percent
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Healthcare cost trend rates – PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	6.50 percent in 2022, gradually decreasing to 4.50 percent in 2030
Medicare Part A premiums	3.75 percent in 2022, gradually increasing to 4.50 percent 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 of costs between employers of each fund to that point.

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.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The PERA benefit structure health care cost trend rates that were 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 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.

Healthy mortality assumptions for active members were based on the PubG-2010 Employee Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

The actuarial assumptions used in the December 31, 2022 valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the periods January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 percentage and then adding expected inflation.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<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	<u>100.00 %</u>	

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 rate of return assumption of 7.25%.

*Sensitivity of the District 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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
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 %
Net OPEB Liability \$	30,075	\$ 25,943	\$ 22,408

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent 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 percent.

*Sensitivity of the District 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 percent, 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 percent) or one percentage-point higher (8.25 percent) than the current rate:

December 31, 2022	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 30,075	\$ 25,943	\$ 22,408

*OPEB plan fiduciary net position.* Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 7: DITCH STOCK AND WATER RIGHTS**

As of December 31, 2023, the District owned the following ditch stock and water rights:

1,475	Units of Colorado-Big Thompson Water (C-BT)
4	Shares of Supply Irrigation Company
9	Shares of Oligarchy Extension Ditch Company
9	Shares of Lower Oligarchy Ditch Company
6	Shares of Oligarchy Irrigation Ditch Company
4	Shares of Highland Ditch Company

The District leases its shares of Supply Irrigation Ditch Company and 4 shares of Oligarchy Irrigation Ditch Company, plus 6 shares of Oligarchy Extension Ditch Company, receiving \$1 per year rental plus the annual assessment.

The District is required to make annual assessment payments to the water and ditch companies. The aggregate payments were \$106,191 for the year ended December 31, 2023.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 8: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions, or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization composed of approximately 200 members created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials' liability, and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability and public officials' coverage for claims up to \$1,000,000.

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

In 1992, the Colorado voters approved the "Taxpayer's Bill of Rights" (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from District enterprise activities. The District believes it is in compliance with the requirements of TABOR.

**NOTE 10: WATER EXCHANGE AGREEMENT**

The District entered into a 30-year agreement with Little Thompson Water District, a major supplier, to furnish the District with treated water effective July 1, 1997. Costs incurred for the purchase of capacity effective July 1, 1997 from Little Thompson Water District (LTWD) in the amount of \$565,000 have been capitalized and are being amortized over the term of the initial intergovernmental agreement with LTWD (30 years). On July 1, 1998, the District purchased additional capacity from LTWD in the amount of \$90,000. Amortization of these costs totaled \$22,964 for the year ended December 31, 2023. Total amount paid for the year ended December 31, 2023 was \$202,509 for the cost of treated water.

**NOTE 11: NEW GASB PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has approved the following:

- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*

**NOTE 12: SUBSEQUENT EVENTS**

In preparing the financial statements, the District has evaluated transactions for potential disclosure through February 6, 2024, the date the financial statements were available to be issued. Management has determined there are no events that have occurred subsequent to December 31, 2023 that would require disclosure.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**DECEMBER 31, 2023**

Year Ended December 31	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2023	\$ 52,268	\$ 52,268	\$ 363,050	14.4%
2022	47,192	47,192	330,572	14.3%
2021	44,520	44,520	335,587	13.3%
2020	47,531	47,531	354,735	13.4%
2019	49,675	49,675	378,165	13.1%
2018	47,977	47,977	396,745	12.1%
2017	50,515	50,515	368,848	13.7%
2016	48,635	48,635	358,103	13.6%
2015	41,304	41,304	312,925	13.2%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS**

Year Ended December 31	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2023	\$ 3,289	\$ 3,289	\$ 363,050	1.0%
2022	3,340	3,340	330,572	1.0%
2021	3,488	3,488	335,587	1.0%
2020	3,618	3,618	354,735	1.0%
2019	3,996	3,996	378,165	1.0%
2018	4,047	4,047	396,745	1.0%
2017	3,653	3,653	368,848	1.0%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**DECEMBER 31, 2023**

Year Ended December 31	Cumulative Proportion of Net Pension Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Total Pension Liability
2023	0.04%	\$ 395,280	\$ 363,050	108.9%	83.0%
2022	0.04%	\$ (37,735)	\$ 330,572	-11.4%	101.5%
2021	0.05%	252,158	335,587	75.1%	90.9%
2020	0.06%	438,835	354,735	123.7%	86.2%
2019	0.06%	754,328	378,165	199.5%	76.0%
2018	0.06%	645,789	396,745	162.8%	79.3%
2017	0.06%	782,392	358,103	218.5%	73.6%
2016	0.06%	585,448	312,925	187.1%	76.9%
2015	0.06%	434,319	265,519	163.6%	80.7%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY**

Year Ended December 31	Cumulative Proportion of Net OPEB Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net OPEB Liability
2023	0.003%	\$ 25,943	\$ 363,050	7.1%	38.6%
2022	0.003%	29,503	330,572	8.9%	39.4%
2021	0.004%	35,134	335,587	10.5%	32.8%
2020	0.004%	44,960	354,735	12.7%	24.5%
2019	0.004%	61,838	378,165	16.4%	17.0%
2018	0.004%	59,132	396,145	14.9%	17.5%
2017	0.004%	58,992	358,103	16.5%	16.7%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**LONGS PEAK WATER DISTRICT, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**(Non-GAAP Budget Basis)**  
**YEAR ENDED DECEMBER 31, 2023**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Water charges	\$ 1,349,984	\$ 1,245,458	\$ (104,526)
Brown water system	75,000	57,543	(17,457)
Penalties	7,000	7,109	109
Back flow device testing	8,000	8,167	167
Transfer fees	3,000	2,863	(137)
Non-operating revenues			
Interest income	50,000	191,814	141,814
Rental income	95,000	98,071	3,071
Other	54,000	70,067	16,067
Capital contributions			
Customer taps	-	19,600	19,600
<b>TOTAL REVENUES AND CONTRIBUTIONS</b>	<b>1,641,984</b>	<b>1,700,692</b>	<b>58,708</b>
<b>EXPENSES</b>			
Operating Expenses			
Salaries - plant	188,000	180,131	7,869
Cost of treated water	225,000	202,509	22,491
Employee health insurance	37,000	18,726	18,274
Payroll taxes	8,000	5,622	2,378
Retirement expense	31,500	37,064	(5,564)
Water assessments	100,000	106,191	(6,191)
Repairs and maintenance	49,500	58,704	(9,204)
Vehicle operations	35,000	28,825	6,175
Supplies - plant - treatment	70,000	51,753	18,247
Supplies - distribution	35,000	28,424	6,576
Water testing	7,000	3,705	3,295
Education	2,500	2,752	(252)
Safety, training and equipment	1,000	698	302
Brownwater system	6,000	7,276	(1,276)
Sludge hauling	5,000	3,649	1,351
Utilities	60,000	61,311	(1,311)
<b>TOTAL OPERATING EXPENSES</b>	<b>860,500</b>	<b>797,340</b>	<b>63,160</b>

**LONGS PEAK WATER DISTRICT, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**(Non-GAAP Budget Basis) - CONTINUED**  
**YEAR ENDED DECEMBER 31, 2023**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<b>EXPENSES</b>			
General Administrative			
Salaries	\$ 252,000	\$ 184,115	\$ 67,885
Retirement expense	35,500	25,913	9,587
Insurance - health	17,000	5,407	11,593
Insurance - liability	35,000	34,891	109
Telephone	13,000	12,091	909
Postage	10,000	8,293	1,707
Accounting	24,000	19,569	4,431
Directors fees	6,000	5,500	500
Information technology	7,000	4,813	2,187
Office supplies	7,500	13,550	(6,050)
Credit card fees	12,000	12,092	(92)
Dues and subscriptions	6,000	5,641	359
Newsletter and website	2,000	633	1,367
Software maintenance contracts	13,500	12,424	1,076
Legal	6,500	3,541	2,959
Educational conferences	2,000	245	1,755
Election	10,000	2,620	7,380
Miscellaneous	12,000	23,529	(11,529)
<b>TOTAL ADMINISTRATIVE</b>	<b>471,000</b>	<b>374,867</b>	<b>96,133</b>
Capital outlay			
Control systems	125,000	118,995	6,005
Plant systems	35,000	41,144	(6,144)
Office equipment	10,000	8,353	1,647
Tank repairs/maintenance	5,000	-	5,000
Vehicle equipment	2,000	11,700	(9,700)
Building maintenance and improvements	20,000	17,401	2,599
Vehicle purchase	60,000	57,152	2,848
Tap installation	5,000	-	5,000
GIS distribution system	25,000	30,598	(5,598)
Distribution system improvements	10,000	4,645	5,355
Safety equipment	2,000	-	2,000
Treated storage tank	100,000	6,786	93,214
Laboratory improvements	5,000	3,764	1,236
Southeast pipeline	100,000	1,883	98,117
<b>TOTAL CAPITAL OUTLAY</b>	<b>504,000</b>	<b>302,421</b>	<b>201,579</b>
<b>TOTAL GENERAL ADMINISTRATIVE</b>	<b>975,000</b>	<b>677,288</b>	<b>297,712</b>
<b>TOTAL EXPENDITURES</b>	<b>1,835,500</b>	<b>1,474,628</b>	<b>360,872</b>
<b>NET INCOME (LOSS) - BUDGET BASIS</b>	<b>\$ (193,516)</b>	<b>226,064</b>	<b>\$ 419,580</b>
<b>ADJUSTMENTS TO GAAP BASIS</b>			
Depreciation and Amortization		(290,854)	
Pension		43,875	
Leases		10,516	
OPEB		(2,943)	
Capital outlay		253,717	
<b>CHANGE IN NET POSITION, GAAP BASIS</b>		<b>\$ 240,375</b>	



**INDEPENDENT AUDITOR'S 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***

To the Board of Directors  
Longs Peak Water District  
Longmont, Colorado

We have audited, in accordance with 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 business-type activities, and the aggregate remaining fund information of Longs Peak Water District, Colorado (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 6, 2024.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### *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*.

### **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.

ATLAS CPAs & Advisors PLLC

Longmont, Colorado  
February 6, 2024