

LEFT HAND WATER DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2025 AND 2024



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**LEFT HAND WATER DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Left Hand Water District
Niwot, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Left Hand Water District (the District), as of and for the years ended December 31, 2025 and 2024, 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 referred to above present fairly, in all material respects, the financial position of Left Hand Water District, as of December 31, 2025 and 2024, and the changes in financial position and its 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 audits 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 is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 March 31, 2026, 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

Denver, Colorado
March 31, 2026



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 13).

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 13).

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 15).

Statements of Cash Flows – report the District's cash flows from operating, investing, capital and non-capital activities. (See page 16).

Notes to the Financial Statements (See page 18) – 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 72) – 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.

2025 HIGHLIGHTS

- As of December 31, 2025, total net position was \$171,217,031, representing an increase of \$13,229,142 (8.4%), when compared to 2024.
- Operating revenues were \$13,729,903 during 2025, a decrease of 6.5% as compared to 2024.
- In 2025, total operating expenses net of depreciation and pension expense were \$6,737,494, which is a decrease of \$34,268 (0.5%) from 2024.
- Total capital contributions were \$9,075,740 in 2025, compared to \$2,076,959 in 2024 – an increase of \$6,998,781 (336.9%).
- Long-term debt (net of current maturities) decreased to \$22,953,261 as of December 31, 2025, as compared with the December 31, 2024, balance of \$24,992,026.

**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, 2025, 2024, and 2023.

	2025	2024	2023
Current Assets	\$ 45,017,483	\$ 35,157,787	\$ 31,156,646
Capital Assets (net of depreciation)	153,865,217	153,132,093	152,827,319
Net Pension Asset	---	---	---
Total Assets	198,882,700	188,289,880	183,983,965
Deferred Outflows of Resources	672,448	1,025,131	1,407,635
Current Liabilities	2,658,577	3,399,069	3,822,417
Non-Current Liabilities	24,758,426	27,207,701	29,812,015
Total Liabilities	27,417,003	30,606,770	33,634,432
Deferred Inflows of Resources	921,114	720,352	720,175
Invested in Capital Assets, net of related debt	128,886,662	125,424,152	122,941,441
Restricted	1,022,750	1,008,667	992,468
Unrestricted	41,307,619	31,555,070	27,103,084
TOTAL NET POSITION	<u>\$ 171,217,031</u>	<u>\$ 157,987,889</u>	<u>\$ 151,036,993</u>

Total Net Position increased in 2025 by just over \$13.2 million (8.4%) from the results of operations and capital contributions. Total Non-Current Liabilities decreased by approximately \$2.5 million in 2025. Principal payments of just over \$2.0 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 decreased in 2025 by \$394,126; the proportionate share of PERA's unfunded liability for Other Postemployment Benefits (OPEB) decreased by \$53,723.

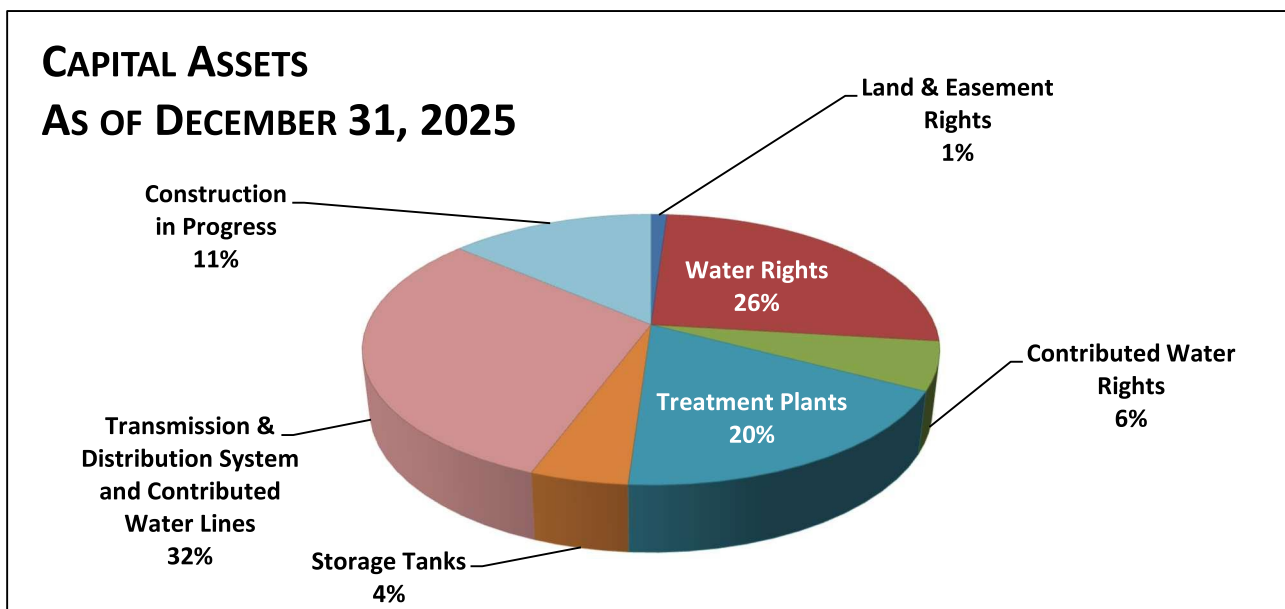
Unrestricted Net Position is the portion of Net Position that can be used to finance day-to-day operations without external constraints of debt covenants, legislation or other legal requirements. As of December 31, 2025, Unrestricted Net Position was \$9,752,549 higher than at December 31, 2024.

**CONDENSED COMPARATIVE FINANCIAL INFORMATION – CAPITAL ASSETS**

The following table presents a condensed review of capital assets, net of accumulated depreciation, as of December 31, 2025, 2024, and 2023.

	2025	2024	2023
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	8,852,149	8,759,149	8,759,149
Buildings & Improvements	604,407	640,924	677,440
Treatment Plants	29,917,508	26,728,399	27,655,448
Storage Tanks	6,418,090	6,703,853	6,989,614
Raw Water Reservoirs	22,977	24,791	26,606
Transmission & Distribution System	49,106,090	44,704,909	46,260,267
Office Equipment & Furnishings	729,676	807,403	726,609
Equipment & Vehicles	524,952	536,336	373,324
Construction in Progress	<u>17,011,784</u>	<u>23,548,745</u>	<u>20,681,278</u>
TOTAL CAPITAL ASSETS	<u>\$ 153,865,217</u>	<u>\$ 153,132,093</u>	<u>\$ 152,827,319</u>

Capital acquisitions in 2025 included a new skid steer and a new locate truck in the Distribution Department, and the completion of upgrades to the control systems at the Spurgeon Water Treatment Plant. Implementation of Advanced Metering Infrastructure (AMI) for meter reading continued, with two additional fixed-point gateways placed in service in 2025. The District's cost of participation in the Northern Integrated Supply Project (NISP), included in Construction in Progress (CIP), was \$2,922,500.



Of the \$1.445 million allocated for construction projects in the 2025 budget, approximately \$880,000 was expended. Construction was completed on replacement and upgrade of a water line along Plateau Road east of North 95th Street, which was reimbursed by the City of Longmont pursuant to an Intergovernmental Agreement. Upgrades to the Spurgeon Water Treatment Plant were completed and design was initiated on projects to replace water lines in the area of the Ranch Eggs subdivision and to replace and upgrade the Arneson Pump Station on Weld County Road 7 just south of Erie Parkway.

**CONDENSED COMPARATIVE FINANCIAL INFORMATION – REVENUES**

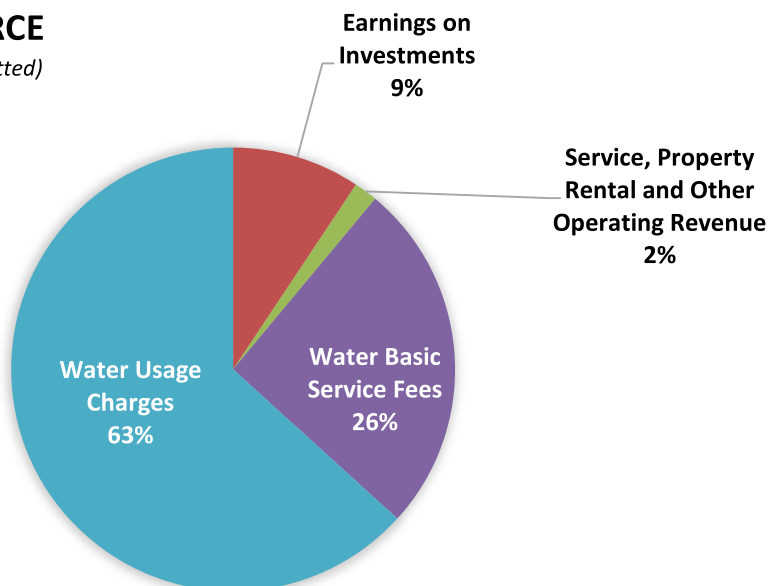
The following table presents a condensed review of revenues for the years ended December 31, 2025, 2024, and 2023.

	2025	2024	2023
Operating Revenues			
Water Usage Charges	\$ 9,577,342	\$ 10,804,022	\$ 7,394,409
Water Basic Service Fees	3,886,068	3,694,798	3,440,055
Other Fees & Services	81,741	58,884	60,419
Inventory Sales	---	6,050	6,927
Water Lease Income	<u>184,752</u>	<u>119,377</u>	<u>101,793</u>
Total Operating Revenues	13,729,903	14,683,131	11,003,603
Non-Operating Revenues (Expenses)			
Earnings on Investments	1,414,358	901,839	884,683
Interest Expense	(626,309)	(650,724)	(675,021)
Property Rental and Misc Income	75,398	85,319	65,030
Property Management Expense	(75,084)	(55,835)	(115,368)
Unrealized Gain/(Loss) on Investments	310,197	61,983	310,659
Realized Gain/(Loss) on Investments	7,210	9,984	14,640
Gain/(Loss) on Disposition Capital Assets	(209,148)	(185,076)	(29,908)
Other Non-Operating Income	<u>2,328</u>	<u>(3)</u>	<u>64,702</u>
Total Non-Operating Revenues	<u>898,950</u>	<u>167,487</u>	<u>519,417</u>
TOTAL REVENUES	<u>\$ 14,628,853</u>	<u>\$ 14,850,618</u>	<u>\$ 11,523,020</u>

Operating revenues in 2025 were 5.2% (approximately \$745,000) below the budgeted amount. Water Usage Charges were under budget by just over \$820,000 (7.9%); Water Basic Service Fees were within 0.4% (\$14,000) of budget. Total revenues decreased by just over \$220,000 (1.5%) from 2024.

2025 REVENUES BY SOURCE

(revenues only, non-operating expenses omitted)





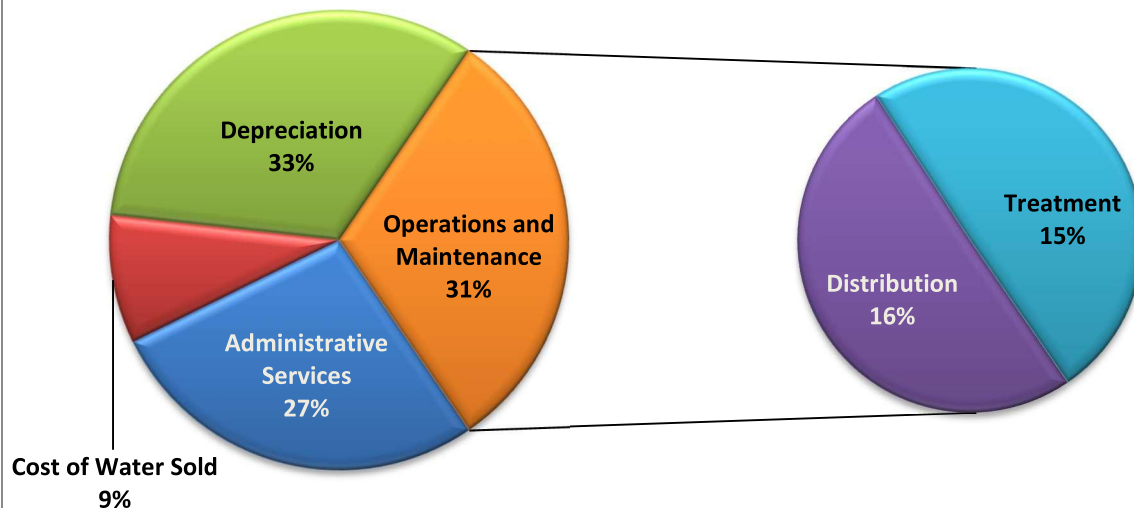
CONDENSED COMPARATIVE FINANCIAL INFORMATION – OPERATING EXPENSES

The following table presents a condensed review of operating expenses for the years December 31, 2025, 2024, and 2023.

	2025	2024	2023
Operating Expenses			
Operation and Maintenance	\$ 3,233,792	\$ 3,200,254	\$ 2,992,358
Administrative Services	2,858,816	2,366,240	2,292,658
Cost of Water Sold	944,847	1,122,862	915,292
Depreciation	<u>3,437,996</u>	<u>3,287,325</u>	<u>3,348,119</u>
TOTAL OPERATING EXPENSES	<u>\$ 10,475,451</u>	<u>\$ 9,976,681</u>	<u>\$ 9,548,427</u>

Net of depreciation and other items not included in the budget, total operating expenses for 2025 were under budget by 18.5%. Operation and Maintenance costs increased by 1% from 2024. Expenditures within the Distribution Department increased by approximately 3.8%, primarily driven by salaries returning to normal levels as the department was fully staffed as well as increased computer and cellular costs associated with the AMI system. Treatment Department expenditures decreased by 1.6%, with regular salary increases being offset by savings in decreased chemical costs related to lower water production as well as reduced repairs and maintenance in 2025. Overall Administrative Services expenditures increased by 20.8% although salaries decreased as a result of staff turnover, due to increased consulting costs related to replacement of the District's accounting software as well as a cost of service rate study being conducted. Cost of Water Sold decreased by 15.8%, as increases in the assessments on raw water units were minimal and the District's allocated share of the costs of the Southern Water Supply Pipeline as set by Northern Water resulted in a small credit for 2025.

2025 Operating Expenses by Category



**CONDENSED COMPARATIVE FINANCIAL INFORMATION – CAPITAL CONTRIBUTIONS**

The following table presents a condensed review of capital contributions for the years ended December 31, 2025, 2024, and 2023.

	2025	2024	2023
Customer Tap Fees	\$ 7,220,165	\$ 1,864,850	\$ 3,651,420
Contributed Water Rights	62,000	---	---
Contributed Line Fee/Fire System	323,900	27,450	74,330
Contributions in Aid of Construction	1,361,421	123,432	---
Contributed Assets	<u>108,254</u>	<u>61,227</u>	<u>2,519,041</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>\$ 9,075,740</u>	<u>\$ 2,076,959</u>	<u>\$ 6,244,791</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 2025, 27 taps were sold, upgraded, or completed, vs. 19 in 2024. A notable aspect of 2025 tap sales is that 6 of the 27 taps were large commercial and irrigation taps sold to the St. Vrain Valley School District for a new high school under construction within the District. These taps, tied to a single property, generated nearly 75% of total Capital Contributions for the year and 92% of contributed capital excluding Contributed Assets and Contributions in Aid of Construction.

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. No new subdivision agreements were executed in 2025. As of December 31, 2025, the District had 2 active subdivision contracts, representing 5 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 2025, the line fees collected on new taps totaled \$323,900, all of which were in the Eastern Zone Transmission (EZT) area.

In 2025, the District replaced and upgraded a waterline along Plateau Road east of North 95th Street, which serves as part of the infrastructure supporting an emergency interconnect with the City of Longmont. In accordance with an Intergovernmental Agreement (IGA) between the District and the City, the project was completed by the District and all associated costs were reimbursed by the City as Contributions in Aid of Construction.

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 2025, water lines were received by the District in the Hauck Meadows subdivision (Phase 2) at a total dedicated cost of \$108,254.

**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.

The District maintains a Board-Designated Capital Fund, which is funded from the Plant Investment Fee and Line Fee components of customer tap fees and 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 2025.

CAPITAL FUND SUMMARY – 2025	
Capital Fund Balance – December 31, 2024	\$ 9,980
Customer Tap Fees – Plant Investment, Line Fees	2,333,900
Projects Funded via Capital Fund	---
Transfers to Operating Fund – Debt Service	(913,926)
Capital Fund Balance – December 31, 2025	\$ 1,429,954

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 2025 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 2026 has likewise been set at \$2,200,000. In 2025 cash Contributions in Aid of Construction were also received from the City of Longmont in reimbursement of construction costs on the Plateau Road project described previously. Designated capital improvement 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 – 2025	
Replacement Fund Balance – December 31, 2024	\$ 2,850,275
Funding from Operating Fund	2,200,000
Contributions in Aid of Construction (cash received)	1,436,612
Projects Funded via Replacement Fund	(880,303)
Replacement Fund Balance – December 31, 2025	\$ 5,606,584



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 anticipated future needs for additional raw water supplies, the District participates in the Northern Integrated Supply Project (NISP), a regional effort to construct two new reservoirs to provide additional water to Northern Front Range providers. In 2025, the District's participation level was 3,500 acre-feet (AF) units out of the project's planned 40,000 AF of deliverable water. Prior to 2024, the District held 4,900 NISP units; 1,400 units were divested in 2024, with ownership transferred and full recovery of the District's costs. At its March 2026 meeting, the Board of Directors approved a further reduction of 500 units, through forfeiture, resulting in a total participation level of 3,000 units. This level is proposed for inclusion in the project's Twenty-Second Interim Agreement, which would fund the project through the end of 2026 and is expected to be considered at the April 2026 Board meeting.

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 2025.

WATER ACQUISITION FUND SUMMARY – 2025	
Water Acquisition Fund Balance – December 31, 2024	\$ 6,870,986
Customer Tap Fees – Cash-in-Lieu Payments	5,566,150
NISP Participation	(2,922,500)
Water Acquisition Fund Balance – December 31, 2025	\$ 9,514,636

DEBT AND OTHER FINANCIAL OBLIGATIONS

The District's long-term debt (net of current maturities and unamortized premiums) was \$22,953,261 and \$24,992,026 at December 31, 2025, and December 31, 2024, 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 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 2025 was approximately 1.28 billion gallons, which was approximately 5.3% below the average of the previous five years. Water usage per tap equivalent (a 'per capita' measure) in 2025 was approximately 6.7% 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. The District began a comprehensive rate study project in 2025 covering not only utility rates but also tap fees. The rate study is expected to be completed in the summer of 2026.

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 encounter growth patterns, or if they falter or endure contractions, it is expected tap fee revenues would increase or decline commensurately.

The 2026 budget is based on projected growth in water revenue and includes an across-the-board rate increase of 4% to basic service fees and volume charges. The budget for tap fee revenue has been projected based solely on the number of contracted payments expected from existing active contracts, as discussed on page 9; the 2026 tap fee revenue budget is thus significantly lower than the 2025 budget.

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, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 10,912,808	\$ 9,226,344
Restricted Cash and Cash Equivalents	3,298,197	3,299,306
Investments	28,229,792	20,098,301
Receivables	969,406	1,483,048
Lessor Receivables	817,100	643,896
Inventory - Supplies	472,024	330,332
Prepaid Expenses and Other Assets	318,156	76,560
Total Current Assets	<u>45,017,483</u>	<u>35,157,787</u>
NONCURRENT ASSETS		
Capital Assets:		
Land, Easements and Water Rights	49,529,733	49,436,733
Construction in Progress	17,011,784	23,548,745
Transmission and Distribution System	96,320,624	90,042,998
Facilities	41,810,328	37,997,973
Vehicles and Equipment	1,852,726	1,850,256
Furniture and Equipment	1,342,841	1,306,491
Water Service Agreement	1,500,000	1,500,000
Total Capital Assets	<u>209,368,036</u>	<u>205,683,196</u>
Less: Accumulated Depreciation	<u>(55,502,819)</u>	<u>(52,551,103)</u>
Capital Assets, Net	<u>153,865,217</u>	<u>153,132,093</u>
Total Assets	198,882,700	188,289,880
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pension	645,166	991,693
Related to OPEB	27,282	33,438
Total Deferred Outflows of Resources	<u>672,448</u>	<u>1,025,131</u>

See accompanying Notes to Basic Financial Statements.

**LEFT HAND WATER DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 85,792	\$ 640,211
Retainage Payable	-	181,897
Accrued Expenses	389,458	416,736
Current Portion of Long-Term Debt	<u>2,183,327</u>	<u>2,160,225</u>
Total Current Liabilities	2,658,577	3,399,069
NONCURRENT LIABILITIES		
Accrued Compensated Absences	195,244	157,905
Net Pension Liability	1,515,991	1,910,117
Net OPEB Liability	93,930	147,653
Long-Term Debt (Net of Current Maturities and Unamortized Premium)	<u>22,953,261</u>	<u>24,992,026</u>
Total Noncurrent Liabilities	<u>24,758,426</u>	<u>27,207,701</u>
Total Liabilities	27,417,003	30,606,770
DEFERRED INFLOWS OF RESOURCES		
Related to Pension	32,686	16,382
Related to Leases	820,488	646,085
Related to OPEB	<u>67,940</u>	<u>57,885</u>
Total Deferred Inflows of Resources	<u>921,114</u>	<u>720,352</u>
NET POSITION		
Net Investment in Capital Assets	128,886,662	125,424,152
Restricted:		
Debt Service	1,022,750	1,008,667
Unrestricted	<u>41,307,619</u>	<u>31,555,070</u>
Total Net Position	<u>\$ 171,217,031</u>	<u>\$ 157,987,889</u>

See accompanying Notes to Basic Financial Statements.

LEFT HAND WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Water - Treated	\$ 13,463,410	\$ 14,498,820
Service Revenue	81,741	58,884
Other Income	184,752	125,427
Total Operating Revenues	<u>13,729,903</u>	<u>14,683,131</u>
OPERATING EXPENSES		
Depreciation	3,437,996	3,287,325
Salaries and Wages	2,528,611	2,489,861
Repairs and Maintenance	1,297,301	1,387,975
Employee Benefits and Taxes	882,779	448,890
Cost of Water Sold	944,847	1,122,862
Utilities	360,872	328,716
Office	260,329	277,775
Contract Support Service	259,771	186,973
Insurance	183,226	154,844
Other	65,308	68,355
Professional Fees	219,562	198,516
Employee Development	34,849	24,589
Total Operating Expenses	<u>10,475,451</u>	<u>9,976,681</u>
OPERATING INCOME	3,254,452	4,706,450
NONOPERATING REVENUES (EXPENSES)		
Earnings on Investments	1,414,358	901,839
Realized and Unrealized Net Gain on Investments	317,407	71,967
Property Rental and Miscellaneous Income	75,398	85,319
Gain (Loss) on Disposition of Capital Assets	(209,148)	(185,076)
Miscellaneous Nonoperating Income (Expense)	2,328	(3)
Interest Expense	(626,309)	(650,724)
Property Management Expense	(75,084)	(55,835)
Total Nonoperating Revenues	<u>898,950</u>	<u>167,487</u>
INCOME BEFORE CONTRIBUTIONS	4,153,402	4,873,937
CAPITAL CONTRIBUTIONS	<u>9,075,740</u>	<u>2,076,959</u>
CHANGE IN NET POSITION	13,229,142	6,950,896
Net Position - Beginning of Year	<u>157,987,889</u>	<u>151,036,993</u>
NET POSITION - END OF YEAR	<u><u>\$ 171,217,031</u></u>	<u><u>\$ 157,987,889</u></u>

See accompanying Notes to Basic Financial Statements.

**LEFT HAND WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 13,700,357	\$ 14,738,053
Cash Paid to Suppliers	(4,000,508)	(3,663,308)
Cash Paid to Employees	<u>(3,476,632)</u>	<u>(3,279,160)</u>
Net Cash Flows Provided by Operating Activities	6,223,217	7,795,585
CASH FLOWS FROM NONCAPITAL ACTIVITIES		
Property Rental and Miscellaneous Income	78,925	85,316
Property Management Expense	<u>(75,084)</u>	<u>(55,835)</u>
Net Cash Flows Provided (Used) by Noncapital Activities	3,841	29,481
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	9,405,674	2,095,566
Acquisition and Construction of Capital Assets	(4,929,273)	(9,329,001)
Cash Received from Sale of Capital Assets	40,153	5,425,000
Repayment of Bonds and Loans	(2,003,557)	(1,976,407)
Interest Paid	<u>(654,974)</u>	<u>(679,165)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	1,858,023	(4,464,007)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	6,807,790	6,705,017
Purchase of Investments	(14,629,084)	(13,188,056)
Earnings on Investments	<u>1,421,568</u>	<u>911,823</u>
Net Cash Flows Provided (Used) by Investing Activities	<u>(6,399,726)</u>	<u>(5,571,216)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,685,355	(2,210,157)
Cash and Cash Equivalents - Beginning of Year	<u>12,525,650</u>	<u>14,735,807</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 14,211,005</u></u>	<u><u>\$ 12,525,650</u></u>

See accompanying Notes to Basic Financial Statements.

LEFT HAND WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH		
 FLOWS FROM OPERATING ACTIVITIES		
Operating Income	\$ 3,254,452	\$ 4,706,450
Adjustments to Reconcile Operating Income to Net Cash		
Flows from Operating Activities:		
Depreciation	3,437,996	3,287,325
Changes in Operating Assets and Liabilities:		
Receivables	(17,546)	287,752
Net Pension Liability	(394,126)	(684,234)
Deferred Outflows Related to Pension	346,527	373,789
Deferred Inflows Related to Pension	16,304	(91,536)
Net OPEB Liability	(53,723)	(22,882)
Deferred Outflows Related to OPEB	6,156	8,715
Deferred Inflows Related to OPEB	10,055	(16,672)
Inventory - Supplies	(141,692)	3,592
Accrued Liabilities	38,706	119,833
Prepaid Expenses and Other Assets	(241,596)	70,931
Accounts Payable and Accrued Expenses	(38,296)	(247,478)
Net Cash Flows Provided by Operating Activities	<u>\$ 6,223,217</u>	<u>\$ 7,795,585</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital Assets Contributed to the District	201,254	61,227
Amortization of Debt Premium	13,473	13,475
Unrealized Gain on Investments	(310,197)	(61,983)

See accompanying Notes to Basic Financial Statements.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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, 2025 AND 2024**

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 2025 appropriated expenditures for the District were \$55,879,380.

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, 2025 AND 2024**

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, 2025 or 2024, 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.

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 rateably 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, 2025 AND 2024**

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. Bulk or aggregated purchases of similar items with estimated useful lives in excess of one year that have an aggregated value in excess of 1% of the current fiscal year's budgeted Operating Expenditures are also considered to be Capital Assets even if the acquisition costs of the individual assets is less than \$5,000. 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. The agreement began with a 20-year initial term and is subsequently renewed in 10-year periods 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 reports 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, 2025 and 2024. 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.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Compensated Absences Payable

The liability for compensated absences reported in the business-type activities statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

The District has recorded a liability of \$353,279 and \$314,574 at December 31, 2025, and 2024, respectively.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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, 2025 and 2024. 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, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

GASB Statement No. 102, Certain Risk Disclosures

Effective January 1, 2025, the District implemented GASB Statement No. 102, *Certain Risk Disclosures*. The implementation of this standard resulted in expanded note disclosures related to concentrations and other risks. The implementation of GASB Statement No. 102 did not affect beginning net position.

GASB Statement No. 101, Compensated Absences

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after Dec. 15, 2023. GASB Statement No. 101 supersedes GASB Statement No. 16 and provides a unified model for various types of compensated absences, including certain types of compensated absences that weren't previously considered under the old standard.

The District adopted GASB Statement No. 101, *Compensated Absences*, during the year ended December 31, 2024.

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:

	<u>2025</u>
Net Consolidated Increase/Decrease (Budgetary Basis)	\$ 10,729,190
Add:	
Capital Outlay	4,219,165
Debt Principal Paid	2,003,557
Employer Contribution Expense	368,768
Realized and Unrealized Gain on Investments	317,407
Noncash Capital Contributions	170,254
Less:	
Depreciation	(3,437,996)
Loss on Disposition of Capital Asset	(249,301)
Net Decrease in Developer Receivables	(531,188)
Change in Accrued Compensated Absences	(60,753)
Pension and OPEB expense	<u>(299,961)</u>
Change in Net Position - GAAP Basis	<u><u>\$ 13,229,142</u></u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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, 2025 and 2024, the District had deposits with a financial institution with a carrying amount of \$2,394,072 and \$2,892,382, 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, 2025 AND 2024**

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, 2025 AND 2024

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:

	2025	2024
Cash on Hand	\$ 1,000	\$ 1,000
Bank Deposits	2,394,072	2,892,382
Local Government Investment Pool	11,815,933	9,632,268
Total Cash and Cash Equivalents	<u>\$ 14,211,005</u>	<u>\$ 12,525,650</u>

Investments held by the District at December 31, 2025, 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+	Aa1	\$ 4,168,335	2.84	14.77%	
FANNIE MAE	AA+	Aa1	533,555	3.16	1.89%	
FREDDIE MAC	AA+	Aa1	1,553,816	4.38	5.50%	
Treasury Notes	AA+	Aa1	15,242,400	2.11	53.99%	
FFCB	AA+	Aa1	3,685,836	1.41	13.06%	
Corporate Notes	A to AAA	A1 to Aaa	3,045,850	1.37	10.79%	*
Total			<u>\$ 28,229,792</u>			

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

Investments held by the District at December 31, 2024, 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	\$ 2,983,076	2.3684932	14.84%	
FREDDIE MAC	AA+	Aaa	499,673	0.1616438	2.49%	
Treasury Notes	AA+	Aaa	11,765,035	2.1109589	58.54%	
FFCB	AA+	Aaa	2,587,117	1.5983562	12.87%	
Corporate Notes	A+ to AAA	A1 to Aaa	2,263,400	1.8142466	11.26%	*
Total			<u>\$ 20,098,301</u>			

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

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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, 2025:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Government Bonds	\$ 15,242,400	\$ 15,242,400	\$ -	\$ -
Government Agencies	9,941,542	-	9,941,542	-
Corporate Bonds	3,045,850	-	3,045,850	-
Total Investments by Fair Value	<u>\$ 28,229,792</u>	<u>\$ 15,242,400</u>	<u>\$ 12,987,392</u>	<u>\$ -</u>

The District had the following fair value measurements as of December 31, 2024:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Government Bonds	\$ 11,765,035	\$ 11,765,035	\$ -	\$ -
Government Agencies	6,069,866	-	6,069,866	-
Corporate Bonds	2,263,400	-	2,263,400	-
Total Investments by Fair Value	<u>\$ 20,098,301</u>	<u>\$ 11,765,035</u>	<u>\$ 8,333,266</u>	<u>\$ -</u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Local Government Investment Pools

At December 31, 2025 and 2024, the District had invested \$11,815,933 and \$9,632,268, 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.colotrust.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:

	<u>2025</u>	<u>2024</u>
Debt Service Account:		
Paying Current Principal and Interest on Bonds and Loans	\$ 3,298,197	\$ 3,299,306
Total Restricted Assets	<u>\$ 3,298,197</u>	<u>\$ 3,299,306</u>

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:

	<u>2025</u>	<u>2024</u>
Board-Designated Funds:		
Replacement Fund	\$ 5,606,584	\$ 2,850,275
Water Acquisition Fund	9,514,636	6,870,986
Capital Fund	1,429,954	9,980
Dental Fund	10,000	10,000
Total Designated Funds	<u>\$ 16,561,174</u>	<u>\$ 9,741,241</u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 4 RECEIVABLES

Receivables consist of the following at December 31:

	2025	2024
Water Service	\$ 763,210	\$ 725,164
Developer Agreements Receivable	177,000	633,000
Other Receivables	29,196	124,884
Total Current Receivables	<u>\$ 969,406</u>	<u>\$ 1,483,048</u>

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land, Easements and Water Rights	\$ 49,436,733	\$ 93,000	\$ -	\$ -	\$ 49,529,733
Construction in Progress	23,548,745	4,055,259	-	(10,592,220)	17,011,784
Total Capital Assets, Not Being Depreciated	72,985,478	4,148,259	-	(10,592,220)	66,541,517
Capital Assets, Being Depreciated:					
Transmission and Distribution System	90,042,998	108,254	-	6,169,372	96,320,624
Facilities	37,997,973	-	(610,493)	4,422,848	41,810,328
Vehicles and Equipment	1,850,256	127,558	(125,088)	-	1,852,726
Furniture and Equipment	1,306,491	36,350	-	-	1,342,841
Water Service Agreement	1,500,000	-	-	-	1,500,000
Total Capital Assets, Being Depreciated	132,697,718	272,162	(735,581)	10,592,220	142,826,519
Less: Accumulated Depreciation					
Transmission and Distribution System	(38,572,230)	(2,164,021)	-	-	(40,736,251)
Facilities	(10,668,357)	(1,020,957)	361,192	-	(11,328,122)
Vehicles and Equipment	(1,167,873)	(138,942)	125,088	-	(1,181,727)
Furniture and Equipment	(642,643)	(114,076)	-	-	(756,719)
Water Service Agreement	(1,500,000)	-	-	-	(1,500,000)
Total Accumulated Depreciation	(52,551,103)	(3,437,996)	486,280	-	(55,502,819)
Total Capital Assets, Being Depreciated, Net	80,146,615	(3,165,834)	(249,301)	-	87,323,700
Total Capital Assets, Net	<u>\$ 153,132,093</u>	<u>\$ 982,425</u>	<u>\$ (249,301)</u>	<u>\$ -</u>	<u>\$ 153,865,217</u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2024, 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	20,681,278	8,575,395	(5,425,000)	(282,928)	23,548,745
Total Capital Assets, Not Being Depreciated	70,118,011	8,575,395	(5,425,000)	(282,928)	72,985,478
Capital Assets, Being Depreciated:					
Transmission and Distribution System	89,886,397	156,601	(282,928)	282,928	90,042,998
Facilities	37,997,973	-	-	-	37,997,973
Vehicles and Equipment	1,549,211	301,045	-	-	1,850,256
Furniture and Equipment	1,137,357	169,134	-	-	1,306,491
Water Service Agreement	1,500,000	-	-	-	1,500,000
Total Capital Assets, Being Depreciated	132,070,938	626,780	(282,928)	282,928	132,697,718
Less: Accumulated Depreciation					
Transmission and Distribution System	(36,572,720)	(2,097,362)	97,852	-	(38,572,230)
Facilities	(9,704,765)	(963,592)	-	-	(10,668,357)
Vehicles and Equipment	(1,079,534)	(88,339)	-	-	(1,167,873)
Furniture and Equipment	(504,611)	(138,032)	-	-	(642,643)
Water Service Agreement	(1,500,000)	-	-	-	(1,500,000)
Total Accumulated Depreciation	(49,361,630)	(3,287,325)	97,852	-	(52,551,103)
Total Capital Assets, Being Depreciated, Net	82,709,308	(2,660,545)	(185,076)	282,928	80,146,615
Total Capital Assets, Net	\$ 152,827,319	\$ 5,914,850	\$ (5,610,076)	\$ -	\$ 153,132,093

NOTE 6 LONG-TERM DEBT

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

<u>Description</u>	<u>2025</u>	<u>2024</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.	\$ 14,473,425	\$ 15,930,580

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 6 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2025</u>	<u>2024</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.	\$ 1,982,744	\$ 2,115,063
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.	8,408,985	8,823,068
Subtotal	24,865,154	26,868,711
Unamortized Bond Premium	113,400	126,873
Total Long-Term Debt	<u>\$ 24,978,554</u>	<u>\$ 26,995,584</u>

Long-term debt activity for the year ended December 31, 2025 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	\$ 15,930,580	\$ -	\$ (1,457,155)	\$ 14,473,425	\$ 1,464,844
2018 CWR&PDA Loan	2,115,063	-	(132,319)	1,982,744	134,978
2018 CWCB Loan	8,823,068	-	(414,083)	8,408,985	425,470
Compensated Absences	314,573	38,706	-	353,279	158,035
Total	27,183,284	<u>\$ 38,706</u>	<u>\$ (2,003,557)</u>	25,218,433	<u>\$ 2,183,327</u>
Current Portion of Long-Term Debt	(2,160,225)			(2,183,327)	
Unamortized Bond Premium	126,872			113,399	
Noncurrent Portion of Long-Term Debt	<u>\$ 25,149,931</u>			<u>\$ 23,148,505</u>	

LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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>
2026	\$ 2,025,292	\$ 630,577	\$ 2,655,869
2027	2,047,779	606,414	2,654,193
2028	2,105,256	552,424	2,657,680
2029	2,158,122	497,597	2,655,719
2030	2,216,769	442,074	2,658,843
2031-2035	10,220,610	1,233,841	11,454,451
2036-2040	3,452,185	353,286	3,805,471
2041-2044	639,141	17,576	656,717
Total	<u>\$ 24,865,154</u>	<u>\$ 4,333,789</u>	<u>\$ 29,198,943</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, 2024 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	\$ 17,374,276	\$ -	\$ (1,443,696)	\$ 15,930,580	\$ 1,457,155
2018 CWR&PDA Loan	2,244,774	-	(129,711)	2,115,063	132,319
2018 CWCB Loan	9,226,068	-	(403,000)	8,823,068	414,083
Compensated Absences	194,740	119,833	-	314,573	156,668
Total	29,039,858	<u>\$ 119,833</u>	<u>\$ (1,976,407)</u>	27,183,284	<u>\$ 2,160,225</u>
Current Portion of Long-Term Debt	(2,133,075)			(2,160,225)	
Unamortized Bond Premium	140,347			126,872	
Noncurrent Portion of Long-Term Debt	<u>\$ 27,047,130</u>			<u>\$ 25,149,931</u>	

The change in the compensated absence liability is presented as a net change.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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, 2025:

Operating Revenues	\$ 13,729,903
Capital Contributions	9,075,740
Subtotal	<u>22,805,643</u>
Operation and Maintenance Expense	<u>(7,037,455)</u>
Net Revenue as Defined in 2014 CWR&PDA	
Loan Resolution	<u><u>\$ 15,768,188</u></u>
2026 Principal Due	\$ 1,464,844
2026 Interest Due	360,347
Subtotal	<u>1,825,191</u>
	x 110%
Required Revenue as Defined in 2014 CWR&PDA	
Loan Resolution	<u><u>\$ 2,007,710</u></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, 2025 AND 2024**

NOTE 7 RATE MAINTENANCE (CONTINUED)

The following calculation shows the District's compliance with this loan agreement for the year ended December 31, 2025:

Operating Revenues	\$ 13,729,903
Capital Contributions	<u>9,075,740</u>
Subtotal	22,805,643
Operation and Maintenance Expense	<u>(7,037,455)</u>
Net Revenue as Defined in 2018 CWR&PDA	
Loan Resolution	<u><u>\$ 15,768,188</u></u>
2026 Principal Due	\$ 134,978
2026 Interest Due	<u>38,983</u>
Subtotal	173,961
	<u>x 110%</u>
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>\$ 2,199,067</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, 2025:

Operating Revenues	\$ 13,729,903
Capital Contributions	<u>9,075,740</u>
Subtotal	22,805,643
Operation and Maintenance Expense	<u>(7,037,455)</u>
Net Revenue as Defined in 2018 CWCB Loan	
Resolution	<u><u>\$ 15,768,188</u></u>
2026 Principal Due	\$ 425,470
2026 Interest Due	<u>231,247</u>
Subtotal	656,717
	<u>x 100%</u>
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, 2025 AND 2024**

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 \$46,077 and \$62,880 of lease principal payments for the years ended December 31, 2025 and 2024, respectively.

Future principal and interest 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>
2026	\$ 48,869	\$ 38,716	\$ 87,585
2027	54,618	36,318	90,936
2028	57,212	33,723	90,935
2029	61,251	31,005	92,256
2030	66,893	28,038	94,931
2031-2035	141,248	111,698	252,946
2036-2040	122,445	79,101	201,546
Thereafter	264,564	63,609	328,173
Total	<u>\$ 817,100</u>	<u>\$ 422,208</u>	<u>\$ 1,239,308</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 plan 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 (FNP) and additions to/deductions from the FNP 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.

General Information about the Pension Plan

Plan Description

Eligible employees of the District are provided with pensions through the 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 (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

General Information about the Pension Plan (Continued)

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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times the service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

General Information about the Pension Plan (Continued)

membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in 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, 2024 and 2025: 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 all employees other than Safety Officers for the period of January 1, 2024 through December 31, 2025 was 9%. Employer contribution rates for all employees other than Safety Officers for the period of January 1, 2024 through December 31, 2025 are summarized in the table on the below:

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employer Contribution Rate ¹	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%)
Amount Apportioned to the LGDTF ¹	9.98%	9.98%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 ¹	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	0.08%	0.11%
Total Employer Contribution Rate to the LGDTF ¹	<u>13.76%</u>	<u>13.79%</u>

* Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

General Information about the Pension Plan (Continued)

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 \$326,231 and \$343,370 for the years ended December 31, 2024 and 2025, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the LGDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024.

At December 31, 2025, the District reported a liability of \$1,515,991 for its proportionate share of the net pension liability. The net pension liability for the District was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023.

At December 31, 2024, the District's proportion was 0.2470658831%, which was a decrease of 0.0131535502% from its proportion measured as of December 31, 2023.

For the years ended December 31, 2025, and 2024, the District recognized pension expense of \$312,075 and pension income of \$75,750, respectively. At December 31, 2025, 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	\$ 114,394	\$ -
Changes of Assumptions or Other Inputs	44,741	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	142,661	-
Changes in Proportion and Difference Between Contributions Recognized and Proportionate Share		
Shares of Contributions	-	32,686
Contributions Subsequent to the Measurement Date	343,370	-
Total	<u>\$ 645,166</u>	<u>\$ 32,686</u>

On December 31, 2024, the District reported a liability of \$1,910,117 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31,

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

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

2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022.

At December 31, 2023, the District's proportion was 0.26021934334%, which was a decrease of 0.0014476138% from its proportion measured as of December 31, 2022.

At December 31, 2024, 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	\$ 103,370	\$ 1,962
Changes of Assumptions or Other Inputs	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	557,762	-
Changes in Proportion and Difference Between Contributions Recognized and Proportionate Share Shares of Contributions	4,330	14,420
Contributions Subsequent to the Measurement Date	326,231	-
Total	<u>\$ 991,693</u>	<u>\$ 16,382</u>

As of December 31, 2025, \$343,370 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, 2026. 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>
2026	\$ 246,861
2027	359,317
2028	(241,470)
2029	(95,598)
Total	<u>\$ 269,110</u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)**

Actuarial Assumptions

The December 31, 2023, actuarial valuation used the following actuarial cost method and key 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	
Members other than Safety Officers	3.20 - 11.30%
Safety Officers	3.20 - 12.40%
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; and DPS Benefit Structure (Automatic)	1.00% Compounded Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the AIR

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.

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were \$0.486 million and \$0.020 million, respectively.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality.

The pre-retirement mortality assumption for members other than Safety Officers was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

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

The post-retirement non-disabled mortality assumption for members other than Safety Officers 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 Members other than Safety Officers was changed to the PubNS-2010 Disabled Retiree Table adjusted to 99 percent of the rates for all ages.

The actuarial assumptions used in the December 31, 2023, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The assumptions for salary increases, including wage inflation for members other than Safety Officers was change to 3.40%-13.00%. Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. The mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

The pre-retirement mortality assumption for members other than Safety Officers was changed to the PubG-2010 Employee Table with generational projection 2024 adjusted MP-2021 scale.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

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

The post-retirement non-disabled mortality assumption for members other than Safety Officers was changed to the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 90 percent of the rates for all ages, with generational projection using the 2024 adjusted MP-2021 scale.
- Females: 85 percent of the rates prior to age 80 and 105 percent of the rates for ages 80 and older, with generational projection using the 2024 adjusted MP-2021 scale.

The disabled mortality assumption for Members other than Safety Officers was changed to the PubNS-2010 Disabled Retiree Table adjusted to 95 percent of the rates for all ages, with generational projection using the 2024 adjusted MP-2021 scale..

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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.

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

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

Note: 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 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- 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 and 2020 AAP 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 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, 2025 AND 2024**

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 the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were \$0.486 million and \$0.020 million, respectively.

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 December 31, 2025 and 2024, 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 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

		December 31, 2025		
		One Percent Decrease (6.25%)	Current Discount Rate (7.25%)	One Percent Increase (8.25%)
<u>Discount Rate</u>				
Proportionate Share of the Net Pension Liability (Asset)		<u>\$ 3,318,201</u>	<u>\$ 1,515,991</u>	<u>\$ 1,930</u>
		December 31, 2024		
		One Percent Decrease (6.25%)	Current Discount Rate (7.25%)	One Percent Increase (8.25%)
<u>Discount Rate</u>				
Proportionate Share of the Net Pension Liability (Asset)		<u>\$ 3,744,042</u>	<u>\$ 1,910,117</u>	<u>\$ 373,907</u>

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, 2025 AND 2024**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined 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 (FNP) and additions to/deductions from the FNP 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 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, 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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, School, Local Government and Judicial), 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.

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 and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (Continued)

Enrollment in the PERACare health benefits program is voluntary and is 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 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.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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 \$25,398 and \$24,183 for the years ended December 31, 2025 and 2024, respectively.

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

At December 31, 2025 and 2024, the District reported a liability of \$93,930 and \$147,653 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the District's proportion was 0.0206875923%, which was a decrease of 0.0001990641% from its proportion measured as of December 31, 2023.

For the years ended December 31, 2025 and 2024, the District recognized OPEB income of \$12,114 and \$6,656, respectively. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 20,719
Changes of Assumptions or other Inputs	1,077	30,025
Net Difference between Projected and Actual		
Earnings on OPEB Plan Investments	318	-
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
Shares of Contributions	489	17,196
Contributions Subsequent to the Measurement Date	25,398	-
Total	<u>\$ 27,282</u>	<u>\$ 67,940</u>

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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)

At December 31, 2023, the District's proportion was 0.0206875923%, which was a decrease of 0.0001990641% from its proportion measured as of December 31, 2022.

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 30,263
Changes of Assumptions or other Inputs	1,736	15,656
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	4,567	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share Share of Contributions	2,952	11,966
Contributions Subsequent to the Measurement Date	24,183	-
Total	<u>\$ 33,438</u>	<u>\$ 57,885</u>

\$25,398 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Amount
2026	\$ (18,185)
2027	(12,563)
2028	(15,746)
2029	(9,499)
2030	(6,542)
Thereafter	(3,521)
Total	<u>\$ (66,056)</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs:

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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)

	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.20%-12.40%
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	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A Premiums	3.50% in 2024, gradually increasing to 4.50% in 2033

As of the December 31, 2024 measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023 actuarial valuation, costs are based on 2024 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 were 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.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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)

Age-Related Morbidity Assumptions						
Participant			Annual Increase		Annual Increase	
Age			(Male)		(Female)	
65-68			2.20%		2.30%	
69			2.80%		2.20%	
70			2.70%		1.60%	
71			3.10%		0.50%	
72			2.30%		0.70%	
73			1.20%		0.80%	
74			0.90%		1.50%	
75-85			0.90%		1.30%	
86 and older			0.00%		0.00%	

Sample	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	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

Sample	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	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 per month.

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

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

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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)

development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

Year	PERACare Medicare Plans	MAPD PPO #2 ¹	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act

Mortality assumptions used in the December 31, 2023 valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023 valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. 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 Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for Safety Officers 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, 2025 AND 2024**

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 Safety Officers) 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.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

-
- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, 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.

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.

Disabled mortality assumptions for members other than Safety Officers 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, 2025 AND 2024**

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 HCTF:

- Per capita health care costs in effect as of the December 31, 2023 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023 valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023 valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016 through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020 to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023 to December 31, 2024.

	State Division	School Division	Local Government Division	Judicial Division
Salary increases, including wage inflation:				
Members other than Safety Officers	2.70% - 13.30%	4.00% - 13.40%	3.40% - 13.00%	2.30% - 4.70%
Safety Officers	3.20% - 16.30%	N/A	3.20% - 16.30%	N/A

The following health care costs assumptions were used in the roll forward calculation for the HCTF:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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)

- MAPD premium costs are no longer age graded

	<u>With Medicare Part A</u>	<u>Without Medicare Part A</u>
MAPD PPO #1	\$ 1,824	\$ 6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

<u>Pre-Retirement</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
<u>Post-Retirement (Retiree), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
<u>Post-Retirement (Beneficiary), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
<u>Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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.

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 November 15, 2019 meeting, and again at the Board's September 20, 2024, meeting. 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	51.00 %	5.00%
Fixed Income	23.00 %	2.60%
Private Equity	10.00 %	7.60%
Real Estate	10.00 %	4.10%
Alternatives	6.00 %	5.20%
Total	100.00 %	

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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)

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 tables 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, 2025		
	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 Trend Rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 91,399	\$ 93,930	\$ 96,794

¹ For the January 1, 2025 plan year.

	Year ended December 31, 2024		
	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 143,415	\$ 147,653	\$ 152,263

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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 TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023 and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024 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.
- As of the December 31, 2024 measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF 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 TOL. The discount rate determination did 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, 2025 AND 2024**

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 table 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 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

December 31, 2025			
Current			
Discount Rate:	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 115,113	\$ 93,930	\$ 75,668

December 31, 2024			
Current			
Discount Rate:	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 174,396	\$ 147,653	\$ 124,773

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 that are also members of the LGDTF (Note 9) may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), 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 ACFR which includes additional information on the PERAPlus 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, 2025 AND 2024**

NOTE 11 VOLUNTARY INVESTMENT PROGRAM (CONTINUED)

Funding Policy

The PERAPlus 401(k) Plan is funded by voluntary member contributions up to a maximum limit set by the IRS (\$23,500 for the calendar year 2025 and \$23,000 for the calendar year 2024). Catch-up contributions up to \$7,500 both calendar years 2025 and 2024, were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC 414(v). For calendar year 2025, in accordance with the SECURE 2.0 Act of 2022, employees between the ages of 60 and 63 at calendar year-end may be eligible to make enhanced “super catch-up” contributions of up to \$11,250 in lieu of the standard age-50 catch-up contribution. Accordingly, total employee contributions for eligible participants ages 60 through 63 may be up to \$34,750 for 2025. 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, 2025 and 2024, the 401(k) Plan member contributions were \$196,706 and \$203,044, respectively. The District recorded pension expense related to their contributions for the years ended December 31, 2025 and 2024 of \$103,432 and \$104,005. These amounts are included in the employee benefits and taxes line item on the financial statements.

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, 2025, 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

**LEFT HAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 14 TABOR COMPLIANCE (CONTINUED)

reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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.

NOTE 15 SUBSEQUENT EVENTS

Subsequent to December 31, 2025, the District continued its participation in the Northern Integrated Supply Project (NISP) under the Twenty-First Interim Agreement, as amended on December 4, 2025. Under Amendment No. 1, unspent funds related to project phases 3A, 5, 6, 7, and 8 as of December 31, 2025, may be retained and expended by the Northern Integrated Supply Project Water Activity Enterprise through April 30, 2026, without the execution of a new interim agreement.

As of the date of issuance of these financial statements, no subsequent interim agreement has been executed beyond April 30, 2026. Management is continuing discussions regarding future participation in the project. Because participation in NISP represents a significant long-term capital and financial commitment of the District, the absence of a subsequent agreement may affect the timing and extent of future project expenditures. Management does not believe this matter affects amounts reported in the District's financial statements as of December 31, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date	December 31, 2024	December 31, 2023	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	0.2470658831%	0.2602194334%	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)	\$ 1,515,991	\$ 1,910,117	\$ 2,594,351	\$ (244,697)	\$ 1,511,653	\$ 2,107,230	\$ 3,415,485	\$ 3,143,227	\$ 3,636,691	\$ 3,141,965
District's Covered Payroll	\$ 2,370,859	\$ 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
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	63.94%	83.55%	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	90.45%	88.03%	82.99%	101.49%	90.88%	86.26%	75.96%	79.37%	73.60%	76.90%

**LEFT HAND WATER DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 343,370	\$ 326,231	\$ 314,108	\$ 285,181	\$ 280,317	\$ 264,786	\$ 251,577	\$ 225,942	\$ 225,765	\$ 206,988
Contributions in Relation to the Statutorily Required Contribution	343,370	326,231	314,108	285,181	280,317	264,786	251,577	225,942	225,765	206,988
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,489,993	\$ 2,370,859	\$ 2,286,077	\$ 2,119,505	\$ 2,123,656	\$ 2,048,275	\$ 1,984,072	\$ 1,781,873	\$ 1,780,481	\$ 1,632,395
Contributions as a Percentage of Covered Payroll	13.79%	13.76%	13.74%	13.46%	13.20%	12.93%	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*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2024	December 31, 2023	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	0.0196437577%	0.0208875923%	0.0208866564%	0.0221865027%	0.0221495890%	0.0220658883%	0.0210681167%	0.0219361185%	0.0206737052%
District's Proportional Share of the Net OPEB Liability	\$ 93,930	\$ 147,653	\$ 170,535	\$ 191,315	\$ 210,471	\$ 248,020	\$ 286,641	\$ 285,082	\$ 268,042
District's Covered Payroll	\$ 2,370,859	\$ 2,286,077	\$ 2,119,505	\$ 2,123,656	\$ 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	3.96%	6.46%	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	59.83%	46.16%	38.57%	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
LAST 10 FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 25,398	\$ 24,183	\$ 23,318	\$ 21,619	\$ 21,661	\$ 20,892	\$ 20,238	\$ 18,175	\$ 18,165	\$ 16,650
Contributions in Relation to the Contractually Required Contribution	25,398	24,183	23,318	21,619	21,661	20,892	20,238	18,175	18,165	16,650
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,489,993	\$ 2,370,859	\$ 2,286,077	\$ 2,119,505	\$ 2,123,656	\$ 2,048,275	\$ 1,984,072	\$ 1,781,873	\$ 1,780,481	\$ 1,632,395
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%	1.02%

**LEFT HAND WATER DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2025**

NOTE 1 CHANGES IN PLAN PROVISIONS

2024 Changes in Plan Provisions Since 2023

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were \$0.486 million and \$0.020 million, respectively.

NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Changes in assumptions or other input effective for the December 31, 2024 measurement period are as follows:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

Changes in assumptions or other input effective for the December 31, 2023 measurement period are as follows:

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

**LEFT HAND WATER DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2025**

**NOTE 1 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
(CONTINUED)**

There were no changes in terms or assumptions for the December 31, 2022 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2021 measurement period are as follows:

- The projected benefit payments reflect the lowered annual increase cap from 1.25% to 1%, resulting from the 2020 AAP assessment, effective July 1, 2022.
- Assumptions on employer and employee contributions were updated to include the additional 0.50% resulting from the 2020 AAP assessment, effective July 1, 2022.

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than Safety Officers) was changed to the PubG-2010 Health 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.

**LEFT HAND WATER DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2025**

**NOTE 1 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
(CONTINUED)**

- The post-retirement non-disabled mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

Changes in assumptions or other input effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

NOTE 2 CHANGES IN OPEB BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Changes in assumptions or other input effective for the December 31, 2024 measurement period are as follows:

- As of the December 31, 2024 measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.
- Salary scale assumptions were altered to better reflect actual experience.

**LEFT HAND WATER DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2025**

NOTE 2 CHANGES IN OPEB BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS (CONTINUED)

- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Changes in assumptions or other input effective for the December 31, 2023 measurement period are as follows:

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Changes in assumptions or other input effective for the December 31, 2022 measurement period are as follows:

- Per capital health costs were developed by plan option based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, 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.
- Health care cost trend rates were revised to reflect an expectation of future increases in rates of inflation.

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.

**LEFT HAND WATER DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2025**

NOTE 2 CHANGES IN OPEB BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS (CONTINUED)

- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than Safety Officers) was changed to the PubG-2010 Health 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 post-retirement non-disabled mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to 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 for the Division Trust Funds was changed to 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.
- The disabled mortality assumption for the Division Trust Funds (Members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

**LEFT HAND WATER DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2025**

NOTE 2 CHANGES IN OPEB BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS (CONTINUED)

- The disability mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.

SUPPLEMENTARY INFORMATION

**LEFT HAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET TO ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2025**

	2025 BUDGET	2025 ACTUAL	VARIANCE WITH FINAL BUDGET
OPERATING FUND			
SOURCES OF FUNDS			
Operating Revenue	14,400,000	13,545,150	(854,850)
Non-Operating Revenue	916,550	1,789,791	873,241
Transfers from Capital Fund	913,930	913,926	(4)
TOTAL SOURCES OF FUNDS	16,230,480	16,248,867	18,387
USES OF FUNDS			
Operating Expenditures	8,609,720	7,018,298	1,591,422
Non-Operating Expenditures	64,000	75,084	(11,084)
Debt Service	2,643,610	2,629,866	13,744
Capital Expenditures	542,000	416,362	125,638
Transfers to Other Funds	2,200,000	2,200,000	-
TOTAL USES OF FUNDS	14,059,330	12,339,610	1,719,720
NET INCREASE/(DECREASE) IN FUND	2,171,150	3,909,257	1,738,107
CAPITAL FUND			
SOURCES OF FUNDS			
Customer Tap and Line Fees	1,472,500	2,333,900	861,400
TOTAL SOURCES OF FUNDS	1,472,500	2,333,900	861,400
USES OF FUNDS			
Transfers to Operating Fund	913,930	913,926	4
TOTAL USES OF FUNDS	913,930	913,926	4
NET INCREASE/(DECREASE) IN FUND	558,570	1,419,974	861,404

**LEFT HAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET TO ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

	2025 BUDGET	2025 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	1,500,000	1,436,612	(63,388)
Remediation Reimbursement	40,000	-	(40,000)
TOTAL SOURCES OF FUNDS	3,740,000	3,636,612	(103,388)
USES OF FUNDS			
Construction	1,445,000	880,303	564,697
TOTAL USES OF FUNDS	1,445,000	880,303	564,697
NET INCREASE/(DECREASE) IN FUND	2,295,000	2,756,309	(668,085)
WATER ACQUISITION FUND			
SOURCES OF FUNDS			
Customer Tap Fees	3,810,000	5,566,150	1,756,150
TOTAL SOURCES OF FUNDS	3,810,000	5,566,150	1,756,150
USES OF FUNDS			
NISP Participation	2,922,500	2,922,500	-
TOTAL USES OF FUNDS	2,922,500	2,922,500	-
NET INCREASE/(DECREASE) IN FUND	887,500	2,643,650	1,756,150

**LEFT HAND WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET TO ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

	2025 BUDGET	2025 ACTUAL	VARIANCE WITH FINAL BUDGET
CONSOLIDATED FUNDS			
SOURCES OF FUNDS			
Operating Fund	16,230,480	16,248,867	18,387
Capital Fund	1,472,500	2,333,900	861,400
Replacement Fund	3,740,000	3,636,612	(103,388)
Water Acquisition Fund	3,810,000	5,566,150	1,756,150
TOTAL SOURCES OF FUNDS	25,252,980	27,785,529	2,532,549
Less Interfund Transfers	(3,113,930)	(3,113,926)	4
TOTAL NET SOURCES OF FUNDS	22,139,050	24,671,603	2,532,553
USES OF FUNDS			
Operating Fund	14,059,330	12,339,610	(1,719,720)
Capital Fund	913,930	913,926	(4)
Replacement Fund	1,445,000	880,303	(564,697)
Water Acquisition Fund	2,922,500	2,922,500	-
TOTAL USES OF FUNDS	19,340,760	17,056,339	(2,284,421)
Less Interfund Transfers	(3,113,930)	(3,113,926)	4
TOTAL NET USES OF FUNDS	16,226,830	13,942,413	(2,284,417)
NET CONSOLIDATED INCREASE/(DECREASE)	5,912,220	10,729,190	4,816,970



**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 Left Hand Water District, as of and for the year ended December 31, 2025, 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 March 31, 2026.

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 opinion 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.

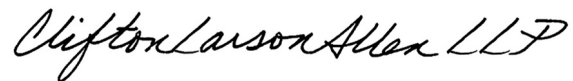
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Left Hand Water 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
March 31, 2026



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