MOUNTAIN WATER AND SANITATION DISTRICT
Conifer, CO

FINANCIAL STATEMENTS
December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mountain Water and Sanitation District

Opinions
We have audited the accompanying financial statements of Mountain Water and Sanitation District as of and for the year ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Mountain Water and Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mountain Water and Sanitation District as of December 31, 2025 and 2024, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Water and Sanitation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with generally accepted auditing standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mountain Water and Sanitation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Water and Sanitation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Net Pension Liability – PERA, Schedule of Pension Contributions – PERA, Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA, Schedule of OPEB Contributions – PERA, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mountain Water and Sanitation District's basic financial statements. The budgetary comparison schedule – Non-GAAP basis, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Non-GAAP Basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fort Collins, Colorado
May 11, 2026

Management's Discussion and Analysis

MOUNTAIN WATER AND SANITATION DISTRICT
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Management's Discussion and Analysis

Introduction:

The Mountain Water & Sanitation District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District; (b) an overview of the District's financial activities; (c) an explanation of the changes in the District's financial position; (d) an explanatory analysis of the variations of the annual, approved budget; and, (e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on the 2025 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 7.

Overview of the Financial Statements of the District:

The audited financial statements of the District are:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

These statements are on pages 7 through 39. These and the Supplementary Information, on page 40 through 44 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in assets (net position). Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining the status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses and Non-Operating Revenues and Expenses – of the District's annual operating activities and how those activities affected net position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The Budgetary Comparison Schedule of Revenues and Expenditures provides information comparing budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, this will include a comparison of the originally approved budget with the final amended budget.

Condensed Comparative Financial Information:

Statement of Net Position

	2025	2024	2023
Current Assets			
Cash and cash equivalents	$ 816,779	$ 877,235	$ 921,025
Other current assets	350,334	349,421	266,463
	1,167,113	1,226,656	1,187,488
Non Current Assets			
Capital assets – net	$ 4,458,292	$ 4,327,884	$ 4,328,553
Other non current assets	10,690	10,690	45,762
Total Assets	5,636,095	5,565,230	5,561,803
Deferred Outflows of Resources	69,055	145,052	197,765
Current Liabilities	234,285	187,686	206,749
Long-Term Liabilities	1,061,001	1,312,298	1,534,458
Total Liabilities	1,295,286	1,499,984	1,741,207
Deferred Inflows of Resources	309,386	295,461	182,211
Net Position			
Net investment in capital assets	3,433,292	3,152,884	3,003,553
Restricted	129,856	123,598	120,391
Unrestricted	537,330	638,355	712,206
Total Net Position	$ 4,100,478	$ 3,914,837	$ 3,836,150

Statement of Revenues, Expenses, and Changes in Net Position

	2025	2024	2023
Operating Revenues	$ 686,021	$ 662,222	$ 629,937
Operating Expenses	924,665	910,764	1,105,911
Operating Income (Loss)	(238,644)	(248,542)	(475,974)
Non Operating Revenues (Expenses)	424,285	327,229	339,933
Change in Net Position	185,641	78,687	(136,041)
Net Position, Beginning of Year	3,914,837	3,836,150	3,972,191
Net Position, End of Year	$ 4,100,478	$ 3,914,837	$ 3,836,150

Statement of Cash Flows

	2025	2024	2023
Cash from (for) Operating Activities	$ 14,141	$ (45,388)	$ (256,232)
Cash from Non Capital Financing Activities	400,418	298,314	295,438
Cash from (for) Capital and Related Financing Activities	(498,882)	(360,703)	(283,233)
Cash from (for) Investing Activities	23,867	63,987	44,495
Increase (Decrease)	(60,456)	(43,790)	(199,532)
Cash and Cash Equivalents, Beginning of Year	877,235	921,025	1,120,557
Cash and Cash Equivalents, End of Year	$ 816,779	$ 877,235	$ 921,025

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

Analysis of Financial Position and Operating Results:
Net position increased in 2025 by $185,641 to $4,100,478 which is the result of the operating loss of $238,644 less net non-operating revenues of $424,285.

Unrestricted cash, cash equivalents, and investments of the District at December 31, 2025, totaled $816,779, which represents approximately 14.5% of the District's total assets.

Capital Assets, net of accumulated depreciation, of the District at December 31, 2025, totaled $4,458,292.

Operating income / (loss) for 2025, was ($238,644) compared to ($248,452) in 2024. The change was principally due to system operating costs for the year and changes in pension liabilities.

Net non-operating revenues for 2025 were greater than in 2024, due to the removal of the temporary mill levy credit for Operations and increased Specific Ownership taxes. For more information about these changes in net position and the operating activities, please review the accompanying audited financial statements beginning on page 7.

Analysis of Budgetary Comparison Schedule of Revenues and Expenditures:
Actual revenues in 2025 were $107,313 lower than the original and final budgeted revenues for the District. This is principally due to lower than budgeted grants. The District's actual expenditures in 2025 were $322,556 less than the original and final budgeted expenditures. This is principally due to lower than budgeted capital outlay and personnel expenses. For more information about the budgeted and actual revenues and expenditures, please review the Budgetary Comparison Schedule of Revenues and Expenditures, as listed in the table of contents, in the accompanying audited financial statements.

Capital Asset and Long Term Debt Activity:
The 2025 budget authorized $525,000 in capital spending. Actual capital spending in 2025 was $348,882. There was not any disposals of assets during the year ended.

The District acquired no new long-term debt. The District has two notes that requires principal payments of $150,000 per year, in aggregate, until the notes are retired and bears interest at a rate of 0%. For more information about the District's capital assets and long-term debt, please review pages 16 through 17 of the Notes to Financial Statements in the accompanying audited financial statements.

The District depreciates its capital assets. See Note 1 of Notes to Financial Statements – Summary of Significant Accounting Policies – Assets and Liabilities – Capital Assets and Note 4 of Notes to Financial Statements – Capital Assets.

Facts, Decisions, and Conditions That May Impact Future Financial Condition or Operating Results:

Ageing infrastructure is the only known condition that may impact future financial or operating results. Most of the District's water and wastewater mains were installed 40 to 50 years ago. The District's unrestricted cash reserves will not cover the cost of new mains. The District is utilizing strict controls to ensure that revenues exceed expenditures so that the unrestricted cash reserves will increase over the next several years. The District will also continue to apply for grant money to fund infrastructure projects. Property taxes are expected to remain consistent in the upcoming year. For more information contact Mountain Water and Sanitation District, 12365 US Hwy 285, Conifer, CO 80433.

Basic Financial Statements

Mountain Water and Sanitation District
Statement of Net Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 816,779	$ 877,235
Accounts receivable-service charges	58,491	59,684
Taxes receivable - County Treasurer	1,596	961
Property taxes receivable	279,424	288,776
Prepaid expenses	10,823	-
Total Current Assets	1,167,113	1,226,656
Noncurrent Assets		
Decomissioning escrow account	10,690	10,690
	10,690	10,690
Capital assets		
Nondepreciable	532,121	247,084
Depreciable	8,434,896	8,376,866
Less: Accumulated depreciation	(4,508,725)	(4,296,066)
Net Capital Assets	4,458,292	4,327,884
Total Noncurrent Assets	4,468,982	4,338,574
Total Assets	5,636,095	5,565,230
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	62,929	135,397
Deferred Outflows - OPEB	6,126	9,655
Total Deferred Outflows of Resources	69,055	145,052
Liabilities		
Current Liabilities		
Accounts payable	67,729	22,101
Other accrued liabilities	16,556	15,585
Long-term debt, current portion	150,000	150,000
Total Current Liabilities	234,285	187,686
Noncurrent Liabilities		
Net pension liability	175,149	266,683
Net OPEB liability	10,852	20,615
Long-term debt, net of current portion	875,000	1,025,000
Total Long Term Liabilities	1,061,001	1,312,298
Total Liabilities	1,295,286	1,499,984
Deferred Inflows of Resources		
Deferred Inflows - Pensions	19,348	274
Deferred Inflows - OPEB	10,614	6,411
Deferred property taxes	279,424	288,776
Total Deferred Inflows of Resources	309,386	295,461
Net Position		
Net investment in capital assets	3,433,292	3,152,884
Restricted - debt service	129,856	123,598
Unrestricted	537,330	638,355
Total Net Position	$ 4,100,478	$ 3,914,837

The accompanying notes are an integral part of these financial statements

Mountain Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Service charges	$ 652,027	$ 654,805
Delinquent charges	6,398	7,033
Other revenue	27,596	384
Total Operating Revenues	686,021	662,222
Operating Expenses		
Wages and employee benefits	246,120	340,813
Depreciation	218,474	211,372
Water and wastewater system	273,590	228,547
General and administration	186,481	130,032
Total Operating Expenses	924,665	910,764
Operating Loss	(238,644)	(248,542)
Nonoperating Revenues (Expenses)		
Property taxes - operations	147,716	28,518
Property taxes - debt service	143,419	151,692
Specific ownership taxes	19,750	11,197
Grants	88,984	105,000
Investment income	23,867	28,915
Availability fees	4,920	4,612
County treasurer fees	(4,371)	(2,705)
Total Nonoperating Revenues (Expenses)	424,285	327,229
Change in Net Position	185,641	78,687
Net Position, beginning of year	3,914,837	3,836,150
Net Position, end of year	$ 4,100,478	$ 3,914,837

The accompanying notes are an integral part of these financial statements

Mountain Water and Sanitation District
Statement of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Cash received from customers	$ 686,579	$ 662,972
Cash paid to suppliers	(483,112)	(433,149)
Cash paid to employees	(189,326)	(275,211)
Net cash provided (used) by operating activities	14,141	(45,388)
Cash Flows From Non-Capital Financing Activities		
Property taxes net of treasurer fees	286,764	177,505
Specific ownership taxes	19,750	11,197
Grant income	88,984	105,000
Availability fees received	4,920	4,612
Net cash provided by non-capital financing activities	400,418	298,314
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(348,882)	(210,703)
Principal paid on loan	(150,000)	(150,000)
Net cash (used) by capital and related financing activities	(498,882)	(360,703)
Cash Flows From Investing Activities		
Investment income received	23,867	28,915
Change in investments in cooperatives	-	35,072
Net cash provided by investing activities	23,867	63,987
Net increase (decrease) in cash and cash equivalents	(60,456)	(43,790)
Cash and cash equivalents, beginning of year	877,235	921,025
Cash and cash equivalents, end of year	$ 816,779	$ 877,235

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

	2025	2024
Operating Loss	$ (238,644)	$ (248,542)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	218,474	211,372
Change in pension related items	8	(21,129)
Change in OPEB related items	(2,031)	(1,115)
Changes in assets and liabilities		
Accounts receivable	1,193	-
Prepaid expenses	(10,823)	32,339
Accounts payable	45,628	(6,762)
Other accrued liabilities	971	(12,301)
Net Cash Provided (Used) by Operating Activities	$ 14,141	$ (45,388)

Note 1 Summary of Significant Accounting Policies

The Mountain Water and Sanitation District is a quasi-municipal corporation governed pursuant to provisions of the Colorado Special District Act. The District was established to provide water and sanitation services within its jurisdictional boundaries.

The financial statements of the Mountain Water and Sanitation District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District follows all pronouncements issued by the Governmental Accounting Standards Board (GASB) which is the authoritative body. The significant accounting policies are described below.

Financial Reporting Entity

In accordance with governmental accounting standards, the Mountain Water and Sanitation District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability.

The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

Basis of Accounting

Enterprise fund accounting is utilized by the District in accordance with accounting principles generally accepted in the United States of America. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments a*s amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* These statements establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

Property Taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

Allowance of Doubtful Accounts

No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the district originate from charges to the owners of the District, and the District has the ability to place liens on the property.

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed monthly.

Assets and Liabilities

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Capital assets - assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is $5,000. Depreciation over the estimated useful lives of the assets is computed using the straight-line method. The estimated useful lives are 50 years for water and wastewater lines, 50 years for disposal facilities, and 3 to 20 years for operating and office equipment.

Accrued vacation and sick pay - district employees accrue vacation and sick pay benefits based on tenure. The District recognizes the expense as they are incurred. Any vacation time that is not used by the end of the year is paid out by the District.

Net Position

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

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

Deferred Outflows / Inflows of Resources

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

Cash Equivalents

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

Note 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2025, and 2024, the District's cash deposits had a carrying balance of $111,321 and $345,371 a corresponding bank balance of $115,447 and $348,658, of which $115,447 and $250,000 was insured by the Federal Deposit Insurance Corporation, respectively.

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

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The District had $0 and $98,658 assets collateralized under PDPA at December 31, 2025 or 2024, respectively.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2025, and 2024, none of the District's bank deposits were exposed to custodial credit risk.

Investments

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

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

Note 2 Cash and Investments (Continued)

At December 31, 2025 and 2024, the District had $705,258 and $531,664 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

A summary of cash and investments at December 31, 2025 and 2024, is as follows:

	2025	2024
Cash on hand	$ 200	$ 200
Cash deposits	111,321	345,371
COLOTRUST	705,258	531,664
Total cash and cash equivalents	$ 816,779	$ 877,235

Note 3 Accounts Receivable

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

	2025	2024
Water and sewer charges	$ 58,491	$ 59,684
Less allowance for doubtful accounts	-	-
Net Accounts Receivable	$ 58,491	$ 59,684

Note 4 Capital Assets

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

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Nondepreciable				
Land easements and water rights	$ 239,388	$ -	$ -	$ 239,388
Construction in progress	7,696	285,037	-	292,733
Total Nondepreciable	247,084	285,037	-	532,121
Depreciable				
Water facilities and lines	5,112,441	63,845	-	5,176,286
Sewer plant and lines	3,024,031	-	-	3,024,031
Buildings and improvements	127,642	-	-	127,642
Equipment	112,752	-	(5,815)	106,937
Total Depreciable	8,376,866	63,845	(5,815)	8,434,896
TOTAL	8,623,950	348,882	(5,815)	8,967,017
Less Accumulated Depreciation				
Water facilities and lines	(3,047,559)	(113,045)	-	(3,160,604)
Sewer plant and lines	(1,081,021)	(95,490)	-	(1,176,511)
Buildings and improvements	(91,157)	(1,892)	-	(93,049)
Equipment	(76,329)	(8,047)	5,815	(78,561)
Total Accumulated Depreciation	(4,296,066)	(218,474)	5,815	(4,508,725)
Net Capital Assets	$ 4,327,884	$ 130,408	$ -	$ 4,458,292

	Balance at 12/31/2023	Additions	Deletions	Balance at 12/31/2024
Nondepreciable				
Land easements and water rights	$ 239,388	$ -	$ -	$ 239,388
Construction in progress	35,176	203,256	(230,736)	7,696
Total Nondepreciable	274,564	203,256	(230,736)	247,084
Depreciable				
Water facilities and lines	4,874,258	238,183	-	5,112,441
Sewer plant and lines	3,024,031	-	-	3,024,031
Buildings and improvements	127,642	-	-	127,642
Equipment	112,752	-	-	112,752
Total Depreciable	8,138,683	238,183	-	8,376,866
TOTAL	8,413,247	441,439	(230,736)	8,623,950
Less Accumulated Depreciation				
Water facilities and lines	(2,940,250)	(107,309)	-	(3,047,559)
Sewer plant and lines	(985,531)	(95,490)	-	(1,081,021)
Buildings and improvements	(90,173)	(984)	-	(91,157)
Equipment	(68,740)	(7,589)	-	(76,329)
Total Accumulated Depreciation	(4,084,694)	(211,372)	-	(4,296,066)
Net Capital Assets	$ 4,328,553	$ 230,067	$ (230,736)	$ 4,327,884

Note 5 Long-term Debt

The District's long-term debt is as follows:

Drinking Water Revolving Fund Direct Loan – The District entered into a long term note with Colorado Water Resources and Power Development District on July 13, 2011 with a principal balance of $1,000,000 and an interest rate of 0%. Payments in the amount of $25,000 are due semi-annually through 2031. The note was secured by any and all moneys available to the District.

Water Pollution Control Revolving Fund Loan – The District entered into a long term note with Colorado Water Resources and Power Development District on November 19, 2012 with a principal balance of $2,000,000 and an interest rate of 0%. Payments in the amount of $50,000 are due semi-annually through 2032. The note was secured by any and all moneys available to the District.

Changes in Long-term Debt during 2025 and 2024 were as follows:

Note 5 Long-term Debt (Continued)

	Balance 12/31/2024	Additions	Reductions	Balance 12/31/2025	Amounts Due Within One Year
Note Payable - CWRPDA	$ 325,000	$ -	$ 50,000	$ 275,000	$ 50,000
Note Payable - CWRPDA	850,000	-	100,000	750,000	100,000
Total Long-term Debt	$ 1,175,000	$ -	$ 150,000	$ 1,025,000	$ 150,000

	Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024	Amounts Due Within One Year
Note Payable - CWRPDA	$ 375,000	$ -	$ 50,000	$ 325,000	$ 50,000
Note Payable - CWRPDA	950,000	-	100,000	850,000	100,000
Total Long-term Debt	$ 1,325,000	$ -	$ 150,000	$ 1,175,000	$ 150,000

Future debt service requirements are as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 150,000	$ -	$ 150,000
2027	150,000	-	150,000
2028	150,000	-	150,000
2029	150,000	-	150,000
2030	150,000	-	150,000
2031-2032	275,000	-	275,000
Total	$ 1,025,000	$ -	$ 1,025,000

Note 6 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. The District has created a Water and Wastewater statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution. In 2014 the District's voters approved a ballot issue that exempts the District from Revenue limitations.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Mountain Water and Sanitation 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

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

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 Mountain Water and Sanitation 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.

Benefits provided as of December 31, 2024: PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

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

In all cases the service retirement benefit is limited to 100% of highest average salary and 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 5 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 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

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

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. For Safety Officers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) 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 provisions as of December 31, 2025: Eligible employees of, Mountain Water and Sanitation District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period are summarized in the following table:

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employee contribution (all employees other than Safety Officers)	9.00%	9.00%
Safety Officers	13.00%	13.00%

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

The employer contribution requirements for all employees other than Safety Officers are summarized in the following table:

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employer contribution rate	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)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.08%	0.11%
Total employer contribution rate to the	**13.76%**	**13.79%**

LGDTF		

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

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

The employer contribution requirements for Safety Officers are summarized in the following table:

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employer contribution rate	14.10%	14.10%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	13.08%	13.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.08%	0.11%
Total employer contribution rate to the LGDTF	**16.86%**	**16.89%**

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were $28,062 for the year ended December 31, 2025.

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. The Mountain Water and Sanitation District proportion of the net pension liability was based on Mountain Water and Sanitation District contributions to the LGDTF for the calendar year 2024 relative to the total contributions of participating employers.

At December 31, 2025, the Mountain Water and Sanitation District reported a liability of $175,149 for its proportionate share of the net pension liability. At December 31, 2024, the Mountain Water and Sanitation District proportion was .0285445351%, which a decrease of .00077862959% from its proportion measured as of December 31, 2023.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

For the year ended December 31, 2025.the Mountain Water and Sanitation District recognized pension expense of $40,579. At December 31, 2025, the Mountain Water and Sanitation 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	$13,216	$0
Changes of assumptions or other inputs	5,169	0
Net difference between projected and actual earnings on pension plan investments	16,482	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,091	19,348
Contributions subsequent to the measurement date	25,971	N/A
Total	$62,929	$19,348

$25,971 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 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:

Year ended December 31, 2025	
2026	$23,146
2027	40,495
2028	(27,898)
2029	(18,133)
2030	0
Thereafter	0

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (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%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

[1] Post-retirement 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. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A

Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
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

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

Safety Officers	PubS-2010 Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 97% of the rates for all ages **Females**: 105% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The actuarial assumptions used in the December 31, 2023, valuations 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 following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation:	
Members other than Safety Officers	3.40%-13.00%
Safety Officers	3.20%-16.30%

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. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A

Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Healthy Retiree	**Males**: 90% of the rates for all ages **Females**: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A

Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages

Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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:

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

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%**	

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.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

- 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 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 Mountain Water and Sanitation District proportionate *share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	$383,365	$175,149	$223

Pension plan fiduciary net position. Detailed information about the LGDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Notes to the Required Supplementary Information
Note 1—Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
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—Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2024 Changes in Assumptions or Other Inputs Since 2023

- Salary scale assumptions were altered to better reflect actual experience.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

- 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%.

Defined Contribution Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the Mountain Water and Sanitation District that are also members of the LGDTF 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/forms-resources/financial-reports-and-studies.

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Mountain Water and Sanitation District has agreed to match employee contributions up to 0% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2025, program members contributed $0 and Mountain Water and Sanitation District recognized pension expense and a liability of $0 and $0, respectively, for the PERAPlus 401(k) Plan (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/forms-resources/financial-reports-and-studies.

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Mountain Water and Sanitation District has agreed to match employee contributions up to 0% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2025, program members contributed $0 and Mountain Water and Sanitation District recognized pension expense and a liability of $0 and $0, respectively, for the PERAPlus 401(k) Plan.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)
Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Mountain Water and Sanitation 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 Mountain Water and Sanitation 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.

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.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

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.

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

At December 31, 2025, the Mountain Water and Sanitation District reported a liability of $10,852 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 Mountain Water and Sanitation District proportion of the net OPEB liability was based on Mountain Water and Sanitation District 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 Mountain Water and Sanitation District proportion was .0022695211%, which was a decrease of .0006187938% from its proportion measured as of December 31, 2023. Contributions for the year ended were $1,921.

For the year ended December 31, 2025, the Mountain Water and Sanitation District recognized OPEB expense of $1,187. At December 31, 2025, the Mountain Water and Sanitation District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

	Deferred Outflows of	Deferred Inflows of
Difference between expected and actual experience	$0	$2,394
Changes of assumptions or other inputs	$124	$3,469
Net difference between projected and actual earnings on OPEB plan investments	$37	$0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$4,029	$4,751
Contributions subsequent to the measurement date	$1,936	N/A
Total	$6,126	$10,614

$1,936 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of 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,	
2026	$(1,053)
2027	$(758)
2028	$(1,260)
2029	$(1,247)
2030	$(1,282)
Thereafter	$(824)

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
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	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

Safety Officers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
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				
PERA benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	16.00% in 2024, then 6.75% 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			
DPS benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	N/A			
Medicare Part A premiums	N/A			

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.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

Age-Related Morbidity Assumptions

Participant Age	Annual Increase	Annual Increase
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$1,710	$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 Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$6,536	$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.

<u>Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)</u>
Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. 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**[1]	**MAPD PPO #21**	**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.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
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
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
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
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 97% of the rates for all ages **Females**: 105% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

- 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.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
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.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
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
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	**Males**: 90% of the rates for all ages **Females**: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

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**
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 %**	

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%.

Sensitivity of the Mountain Water and Sanitation District proportionate *share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following table 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:

	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%
Net OPEB Liability	$10,560	$10,852	$11,83

[1]For the January 1, 2025, plan year.

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.

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

- 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.

Sensitivity of the Mountain Water and Sanitation District 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	$13,299	$10,852	$8,742

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/forms-resources/financial-reports-and-studies.

Notes to the Required Supplementary Information
Note 1—Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2024 Changes in Plan Provisions Since 2023

Note 7 Defined Benefit Pension Plan and Other Post Employment Benefits (Continued)

- 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.

Note 2—Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2024 Changes in Assumptions or Other Inputs Since 2023

- 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 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.

Note 8 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. The District's settled claims have not exceeded its insurance coverage in any of the last three years.

Note 9 Restricted Net position

The District has established an emergency reserve of $9,327 and $5,742 as of December 31, 2025 and 2024, respectively, to comply with Article X, Section 20 of the Colorado Constitution. The District has restricted a portion of property taxes collected and availability fees collected for the use of debt service in the amount of $120,529 and $117,856 as of December 31, 2025 and 2024, respectively.

Note 10 Reclassifications and Subsequent Events

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

Required Supplementary Information

Mountain Water and Sanitation District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability - PERA
Last 10 Fiscal Years

	Measurement Date For the Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0285445351%	0.0363308310%	0.0336449132%	0.0314065718%	0.0310579188%	0.0320364805%	0.0280052240%	0.0263608007%	0.0258042680%	0.0315356555%
District's proportional share of the net pension liability (asset) as a percentage of covered payroll	$ 175,149	$ 266,683	$ 337,312	$ (26,927)	$ 161,851	$ 234,312	$ 355,798	$ 293,509	$ 348,446	$ 347,391
District's covered payroll	273,914	308,072	275,238	233,692	219,614	220,617	185,621	161,235	165,164	169,735
Total pension liability	6,426,530,000	6,131,113,000	5,895,159,000	5,758,380,000	5,715,765,000	5,324,353,000	5,228,602,000	5,396,516,000	5,123,847,000	4,762,090,000
Plan fiduciary net position	5,812,932,000	5,397,072,000	4,892,596,000	5,844,117,000	5,194,638,000	4,592,962,000	3,971,389,000	4,283,086,000	3,773,506,000	3,660,509,000
Net pension liability	$ 613,598,000	$ 734,041,000	$ 1,002,563,000	$ (85,737,000)	$ 521,127,000	$ 731,391,000	$ 1,257,213,000	$ 1,113,430,000	$ 1,350,341,000	$ 1,101,581,000
Plan fiduciary net position as a percentage of the total pension liability	90%	88%	83%	101%	91%	86%	76%	79%	74%	77%
Net Pension liability as a percentage of covered payroll	64%	87%	123%	-12%	74%	106%	192%	182%	211%	205%

See the accompanying Independent Auditor's report

Mountain Water and Sanitation District
Required Supplementary Information
Schedule of Pension Contributions - PERA
Last 10 Fiscal Years

	Measurement Date For the Year Ended December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	26,182	37,691	42,390	37,079	30,847	28,350	27,974	23,537	22,166	20,445
Contributions in Relation to the Statutorily Required Contribution	26,182	37,691	42,390	37,079	30,847	28,350	27,974	23,537	22,166	20,445
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Payroll	189,862	273,914	308,072	275,238	233,692	219,614	220,617	185,621	174,821	161,235
Contributions as a % of Covered Payroll	13.79%	13.76%	13.76%	13.47%	13.20%	12.91%	12.68%	12.68%	12.68%	12.68%

Mountain Water and Sanitation District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability - PERA
Last 10 Fiscal Years *

	Measurement Date For the Year Ended December 31,								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability	0.0022695211%	0.0028883149%	0.0027123249%	0.0024414557%	0.0023725644%	0.0024536020%	0.0021947107%	0.0020483560%	0.0019808251%
District's proportional share of the net OPEB liability (asset)	$ 10,852	$ 20,615	$ 22,146	$ 21,053	$ 22,545	$ 27,578	$ 29,860	$ 26,620	$ 25,682
District's covered payroll	273,914	308,072	275,238	233,692	219,614	220,617	185,621	161,235	165,164
Total OPEB liability	1,190,476,000	1,325,637,000	1,329,183,000	1,423,054,000	1,413,526,000	1,488,508,000	1,639,734,000	1,575,822,000	1,556,762,000
Plan fiduciary net position	712,309,000	611,911,000	512,704,000	560,749,000	463,301,000	364,510,000	279,192,000	276,222,000	260,228,000
Net OPEB liability	$ 478,167,000	$ 713,726,000	$ 816,479,000	$ 862,305,000	$ 950,225,000	$ 1,123,998,000	$ 1,360,542,000	$ 1,299,600,000	$ 1,296,534,000
Plan fiduciary net position as a percentage of the total OPEB liability	60%	46%	39%	39%	33%	24%	17%	18%	17%
Net OPEB liability as a percentage of covered payroll	4%	7%	8%	9%	10%	13%	16%	17%	16%

* This report is intended to show 10 years of data. Additional years will be presented after the information becomes available until 10 years are shown.

Mountain Water and Sanitation District
Required Supplementary Information
Schedule of OPEB Contributions - PERA
Last 10 Fiscal Years

	Measurement Date For the Year Ended December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	1,936	2,794	3,142	2,807	2,384	2,238	2,250	1,893	1,784	1,645
Contributions in Relation to the Statutorily Required Contribution	1,936	2,794	3,142	2,807	2,384	2,238	2,250	1,893	1,784	1,645
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Payroll	189,862	273,914	308,072	275,238	233,692	219,614	220,617	185,621	174,821	161,235
Contributions as a % of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* This report is intended to show 10 years of data. Additional years will be presented after the information becomes available until 10 years are shown.

Other Supplementary Information

Mountain Water and Sanitation District
Budgetary Comparison Schedule - Non GAAP Basis
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Service fees	$ 675,000	$ 652,027	$ (22,973)
Property taxes - operations	145,357	147,716	2,359
Property taxes - debt service	143,419	143,419	-
Specific ownership taxes	20,214	19,750	(464)
Delinquent charges	-	6,398	6,398
Investment income	30,000	23,867	(6,133)
Availability fees	5,000	4,920	(80)
Grants	200,000	88,984	(111,016)
Other income	3,000	27,596	24,596
Total Revenues	1,221,990	1,114,677	$ (107,313)
Expenses			
Personnel expenses	432,000	246,120	185,880
System operating expenses	243,000	273,590	(30,590)
General and administrative	177,668	186,481	(8,813)
County treasurer fees	4,332	4,371	(39)
Bond principal and interest	150,000	150,000	-
Capital outlay	525,000	348,882	176,118
Total Expenses	1,532,000	1,209,444	322,556
Revenues (under) Expenditures	$ (310,010)	$ (94,767)	$ 215,243
Reconciliation to statement of revenues, expenditures and changes in net position			
Depreciation expense		(218,474)	
Capital outlay		348,882	
Bond principal		150,000	
Change in net position		185,641	

See the Independent Auditor's report