NOTICE OF REGULAR MEETING and AGENDA
BACA GRANDE WATER AND SANITATION DISTRICT BOARD of DIRECTORS

WHEN: Wednesday, August 19, 2026
TIME: 9:00 AM
WHERE: **57 Baca Grant Way S Crestone CO 81131 and via TELECONFERENCE VIA Zoom** Ctrl+click to join Zoom meeting (see below)

Board of Directors	Office	Term/Expiration
Viva Lawson	President	2025/May 2029
Rick Hart	Vice-President	2025/May 2029
Mike Smith	Treasurer	2023/May 2027
David Karas	Director	2023/May 2027
Michael Plotnick	Secretary	2025/May 2029

***Requires Board Action**

a. CALL TO ORDER

- Present disclosures and potential conflicts of interest
- Board Roll Call
- Welcome guests

b. *APPROVE AGENDA

c. *CONSENT AGENDA

These items are considered routine and will be approved and/or ratified by one motion. There will be no separate discussion of these items unless a Board member so requests; in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda.

a. * Approve Minutes from the July, 2026 Regular Meeting

d. PUBLIC COMMENT (ITEMS NOT ON THE AGENDA ONLY. NO ACTION MAY BE TAKEN)

Per Colorado Open Meetings Law, no Board discussion or action will take place until a later date, if necessary. Speakers must identify themselves with their full name and address. Each speaker's comments are limited to three minutes or less.

e. FINANCIAL MATTERS

- * 2025 Audit Review

- * Review and accept unaudited financial statements for the period ending June 30th, 2026 and current schedule of cash position (enclosure)

f. * Review and approve the updated check register for the period ending August 19th, 2026

General	$26,563.42
Capital	$ 70.00
Enterprise	$44,633.09
Total	$71,266.51

f. BOARD AND STAFF REPORTS

a. Board of Director Matters
b. District Manager Report (enclosure)
    - Water System Improvement Project - Bid Selection (enclosure)

      * Consideration to award the Water System Improvements contract to Cooley and Sons Excavating less Bid Schedule C (Fill Station) for a total contract price of $1,793,509.

      * Consideration to authorize Diego Martinez to sign the Notice of Award, Notice to Proceed and Contract.

      * Consideration to accept the proposal from Bowman Element Engineering for professional engineering services related to construction management of the Water System Improvements project.

    - * Harmony Herd LLC., lease request
c. Administrative Manager’s Report (enclosure)
d. Director of Utilities Report (enclosure)

g. LEGAL MATTERS

a. Continue discussion on potential waiver of certain District fees related to affordable housing.
b. Public hearing to consider rate increases due to drought conditions.

h. EXECUTIVE SESSION

Consideration of an executive session to discuss the District Manager, pursuant to C.R.S. § 24-6-402(4)(b), (e)(I), and (f)(I), which respectively concern conferences with the District's general counsel for the purpose of receiving legal advice on specific legal questions, determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators, and personnel matters.

i. ADJOURN

**** Requires Board Action***

NEXT REGULAR MEETING IS SCHEDULED FOR
September 23, 2026

In person at 57 Baca Grant Way S. Crestone CO, 81131 or Join Zoom Meeting
https://us02web.zoom.us/j/87269124750?pwd=ZmZVcTd2Y0UycW0vRmFWNS9wTU5WQT09
Meeting ID: 872 6912 4750 -- Passcode: 638055 -- One tap mobile - Dial by your location +1 346 248 7799 US (Houston)

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
BACA GRANDE WATER AND SANITATION DISTRICT

July 15, 2026 - 9:00 AM
District Office – 57 Baca Grant Way South
Crestone, Colorado 81131
Meeting held in person and via Zoom

ATTENDANCE

Directors in Attendance:
Vivia Lawson
Rick Hart
Mike Smith
Michael Plotnick
David Karas

Also in Attendance:
Marcus Lock, District Legal Counsel, Law of the Rockies
Diego Martinez, District Manager
Chad Tate, Director of Utilities
Natalie DeBon, Administrative Manager

Community Members and Guests:
Dan Gray
Michael Miller

CALL TO ORDER

President Lawson called the meeting to order at 9:01 AM.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No conflicts were disclosed.

AGENDA

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR HART, SECONDED BY DIRECTOR SMITH AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE AGENDA.

CONSENT AGENDA

The Board considered the following consent agenda items:

- APPROVE MINUTES FROM THE JUNE, 2026 BOARD MEETING.

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR HART, SECONDED BY DIRECTOR PLOTNICK AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE CONSENT AGENDA.

INTRODUCTIONS OF THE GUESTS:

President Lawson asked if Mr. Michael Miller would like to unmute and introduce himself, no response was received. It could be AI generated participant, as mentioned in the previous meetings.

Mr. Gray commented that Michael Miller and DM appear to attend many local meetings, including meetings of the Town of Crestone. District Manager Martinez clarified that "DM" refers to Diego Martinez.

PUBLIC COMMENT (ITEMS NOT ON THE AGENDA ONLY. NO ACTION MAY BE TAKEN). *In accordance with the Colorado Open Meetings Law, no Board action will take place until a later date, if necessary. Please limit your comments to three minutes or less.*

No comments.

FINANCIAL MATTERS

District Manager Martinez reported that the District has received its first draft of the financial statements. Staff are still working through several allocation adjustments, which will be finalized with the June financials. Going forward, financial reports will be presented on a monthly basis. Overall, the District is in a strong financial position. The District Manager expressed appreciation to the accounting team for their work in preparing the reports.

* Review and approve the updated check register for the period ending July 15, 2026(enclosure)

General	$11,400.20
Capital	$ 0.00
Enterprise	$27,863.27
Total	$39,263.47

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR HART, SECONDED BY DIRECTOR PLOTNICK AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED UNAUDITED FINANCIAL STATEMENTS DATED MAY 31, 2026 AND JULY CHECK REGISTER AS PRESENTED.

BANK CHANGE

District Manager Martinez reported on the bank change and transition to Alamosa State Bank. He requested to obtain three business credit cards through Alamosa State Bank via Independent Bankers Bank, to replace the current credit cards from the First Bank/ PNC. The proposed credit limits are $10,000 for the District Manager card, $5,000 for the Administration card, and $5,000 for the Operations card.

MOTION: Following discussion, upon motion duly made by President Lawson, Seconded by Director Hart, and upon vote, unanimously carried, the Board approved District Manager Martinez's request and authorized the application for the three business credit cards with the proposed credit limits: $10,000 for the District Manager, $5,000 for Administration, and $5,000 for Operations.

STAFF REPORTS

The Board reviewed and discussed the staff reports included in the Board packet, which are attached to the minutes as supporting documents.

LEAK DETECTION

The Board briefly discussed water leak detection methods, including satellite-based leak detection technology.

Staff reported that GPRS Inc., will begin its work the following Monday, starting in the MHE area. The project is expected to take approximately three weeks to complete, and GPRS is expected to provide results promptly.

DROUGHT

Mr. Martinez reported that, effective July 9, the District entered Extreme Drought conditions, triggering Drought Level 3 under the District's regulations. A public notice will be issued, and the drought level will be reevaluated as conditions change.

The Board also discussed water conservation, including public education, conservation tips, and promoting water efficient practices all year round. Staff also reported that much of the District's irrigation water is used by the POA, with about 24 acre feet used to irrigate the golf course in June.

2026 SEPTEMBER'S BOARD OF DIRECTORS MEETING

MOTION: Following discussion, upon motion duly made by Director Lawson, seconded by Director Plotnick, and upon vote, unanimously carried, the Board approved to move Septembers Board meeting from September 16th to September 23rd, 2026.

TOWN of CRESTONE – SEWER

During Mr. Tate's report, Director Plotnick asked whether the addition of 20 new units at Wisdom Village and the new restaurant have resulted in any noticeable impact on the system.

Mr. Tate reported that no significant changes have been observed yet. He noted that the restaurant has changed ownership several times, but no noticeable impact has been identified. Regarding Wisdom Village, he reviewed the potential additional loading from the 20 units and estimated the impact to be approximately 5.5 pounds of BOD, assuming all units were occupied and contributing at the same time as sampling occurred.

LEGAL MATTERS

AFFORDABLE HOUSING

The Board continued its discussion of the proposed Affordable Housing Resolution from the previous meeting. Board members discussed the challenges of defining affordable housing current development and unknown future.

The Board agreed that additional information is needed before taking action. The District Manager was directed to contact Saguache County and the Saguache County Regional Housing Authority to obtain their definition of affordable housing and gather input for future Board consideration.

EXECUTIVE SESSION

MOTION: Upon motion Duly made by Director Hart, Seconded by Director Plotnick and, upon vote, unanimously carried, the Board at 10:09 AM., entered Executive Session to discuss recent CORA requests made to the District and the District's response to the same (the "Subject Matter") pursuant to C.R.S. § 24-6-402(4)(b) for the purpose of receiving legal advice on specific legal questions from the District's general counsel on the Subject Matter and to discuss the draft affordable housing resolution (the "Second Subject Matter") pursuant to C.R.S. §24-6-402(4)(b) for the purpose of receiving legal advice on specific legal questions from the District's general counsel related to the Second Subject Matter. Executive session was adjourned at 11:03 AM.

ADJOURNMENT:

THERE BEING NO FURTHER BUSINESS TO DISCUSS, UPON MOTION DULY MADE BY DIRECTOR HART, SECONDED BY DIRECTOR PLOTNICK AND UPON VOTE, UNANIMOUSLY CARRIED, THE MEETING WAS ADJOURNED AT 11:04 AM.

THE NEXT REGULAR MEETING IS SCHEDULED FOR

August 19, 2026

Drafted by

Natalie DeBon

Respectfully submitted,

Diego Martinez

THESE MINUTES ARE APPROVED AS THE OFFICIAL MINUTES OF July 15, 2026 THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

Vivia Lawson

Rick Hart

Mike Smith

David Karas

Michael Plotnick

ATTORNEY STATEMENT

Regarding Privileged Attorney-Client Communication Pursuant to §24-6-402(2) (d.5) (II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Baca Grande Water and Sanitation District, I attended the executive session on July 15,2026 and it is my opinion that any portion of the executive session that was not recorded constituted attorney-client privileged communications.

____

Marcus Lock

General Counsel

Baca Grande Water and Sanitation District

July 9, 2026

To the Board of Directors
Baca Grande Water and Sanitation District

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of Baca Grande Water and Sanitation District (the District) for the year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 12, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. However, in order to better track restricted resources, the District segregated balances and transactions related to the General Obligation Bonds, Series 2017 into a Debt Service Fund. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Depreciation expense, which is based on the estimated remaining life and value of purchased property and equipment. We evaluated the key factors and assumptions used to develop the estimate of depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.
- Pension-related estimates and OPEB-related estimates, as disclosed in Notes 8 and 9, which are based on actuarial valuations of PERA's pension and OPEB liabilities.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of long-term obligations in Note 5 and a subsequent event in Note 13. These disclosures inform the reader of the need to use resources in the future for the repayment of principal and interest on the District's bonds and CWRPDA notes.
- The disclosure of the change in the financial reporting entity in Note 12. This disclosure provides details on the impact of establishing the debt service fund to initial opening balances included in the District's financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audits.

P.O. Box 740339, Arvada, CO 80006
303.202.1800 www.ffpcpa.com

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any adjustments to correct misstatements for the year ending December 31, 2025.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

Management Representations

We have requested certain representations from management and the District's accountants that are included in the management representation letters dated July 9, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants, other than the District's contract accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

We applied certain limited procedures to Management's Discussion and Analysis and the information identified as required supplemental information in the table of contents of the financial statements (collectively, RSI). Our procedures consisted of inquiries of management regarding 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 did not audit the Management's Discussion and Analysis or the required supplemental information and do not express an opinion or provide any assurance on the RSI. Please refer to our opinion on the financial statements for pages in the statements to which this applies.

We were engaged to report on supplemental information which accompanies the financial statements, but is not required supplemental information. With respect to the information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Fiscal Focus Partners, LLC

Fiscal Focus Partners, LLC

BACA GRANDE WATER & SANITATION DISTRICT

Saguache County, Colorado

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2025

BACA GRANDE WATER & SANITATION DISTRICT

TABLE OF CONTENTS

December 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Baca Grande Water and Sanitation District
Saguache County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Baca Grande Water and Sanitation District (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Fiscal Focus Partners, LLC

P.O. Box 740339, Arvada, CO 80006
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Auditor’s Responsibility

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v and the pension schedules on pages 48 through 51 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
July 9, 2026

Baca Grande Water and Sanitation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Baca Grande Water and Sanitation District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the basic financial statements and the notes to financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- Assets of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $7,021,957 (net position).
- The District's total net position increased by $1,102,498 from the prior fiscal year.
- Property tax revenues for 2025 increased 1.35% from prior year as a result of an increased taxable assessed valuation.
- Tap fees remained consistent with prior year at $40,000.
- Operating revenues decreased approximately 2% from the prior year, and operating expenses decreased by 1% from the prior year.
- Capital expenditures totaled $246,410. The largest share of the expenditures was for water system improvement design and building improvements.

Overview of the Financial Statements

Baca Grande Water and Sanitation District's basic financial statements included in this report are those of a special-purpose government engaged in a business-type activity, providing water and sewer services. The statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

<u>Government-wide financial statements</u> The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The S*tatement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. accrued interest).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and servicing debt. Business-type activities include the water and sewer systems and services.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources, which have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. The General Fund and Debt Service Fund are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The District adopts an annual appropriated budget for each individual governmental fund. A budgetary comparison for each of the funds is provided to demonstrate compliance with adopted budgets.

Proprietary Funds The District maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its water and sewer activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail including a statement of cash flow which reports the District's cash flows from operating activities, investing, capital and noncapital activities.

Notes to the financial statements The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Baca Grande Water and Sanitation District, assets exceeded liabilities and deferred inflows of resources by $7,021,957 at the close of the most recent fiscal year.

Statement of Net Position

	December 31,		
	2025	**2024**	**2023**
Current assets	$ 5,708,890	$ 5,110,730	$ 4,047,230
Current restricted assets	652,646	262,541	278,355
Capital assets	7,141,376	7,403,349	7,580,518
Total assets	13,502,912	12,776,620	11,906,103
Deferred outflows of resources	192,985	371,975	371,975
Current liabilities	73,295	76,371	172,665
Long-term obligations	5,365,665	5,913,391	6,149,794
Total liabilities	5,438,960	5,989,762	6,322,459
Deferred inflows of resources	1,234,980	1,239,374	1,242,245
Net position:			
Net investment in capital assets	6,820,404	2,133,245	2,059,157
Restricted	641,159	262,541	287,115
Unrestricted	(439,606)	3,523,673	2,367,102
Net position	$ 7,021,957	$ 5,919,459	$ 4,713,374

- The largest portion of the District's net position (97%) reflects its investment in capital assets (e.g. infrastructure, plant, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently these assets are *not* available for future spending.

- Restricted net position consist of $29,400 restricted for emergencies under TABOR; $374,359 for debt service requirement; and $237,400 for a loan reserve requirement.

- The remaining net position (deficit) of $(439,606). The deficit is a result of the debt service fund resources being utilized to acquire capital assets which are held in the enterprise fund.

Changes in Net Position

	For the Years Ended December 31,		
	2025	**2024**	**2023**
Revenues			
Operating revenue			
Water and sewer fees	$ 1,300,243	$ 1,294,023	$ 1,282,397
Availability of service fees	255,180	265,600	277,647
Miscellaneous revenue	11,224	34,489	127,663
Nonoperating revenue			
Taxes and payments in lieu of taxes	1,310,735	1,340,064	900,540
Grant revenue	63,428	137,710	31,758
Net investment income	171,853	156,628	92,255
Gain on sale of equipment	-	10,000	-
Capital contributions			
Tap fees	40,000	40,000	40,000
Total revenues	3,152,663	3,278,514	2,752,260
Expenses			
Operating expenses			
Water and sewer operations	941,687	929,263	1,063,426
General government	439,090	465,189	409,605
Depreciation	508,384	510,425	513,418
Nonoperating expenses			
Loan interest and debt costs	161,004	167,552	172,074
Total expenses	2,050,165	2,072,429	2,158,523
Change in net position	1,102,498	1,206,085	593,737
Net position - beginning	5,919,459	4,713,374	4,119,637
Net position - ending	$ 7,021,957	$ 5,919,459	$ 4,713,374

Capital Assets

The District's net investment in capital assets as of December 31, 2025, 2024 and 2023 was as follows:

Capital Assets

	December 31,		
	2025	**2024**	**2023**
Business-type activities			
Land, water rights and master plan	$ 256,290	$ 242,759	$ 240,134
Construction in progress	560,102	454,140	244,847
Water plant and distribution system	8,831,194	8,831,194	8,820,296
Sewer plan and collection system	9,952,587	9,952,587	9,952,587
Building and improvements	126,917	-	-
Machinery and equipment	745,397	745,397	637,957
Total assets	20,472,487	20,226,077	19,895,821
Accumulated depreciation	(13,331,111)	(12,822,728)	(12,312,303)
Net capital assets	$ 7,141,376	$ 7,403,349	$ 7,583,518

Additional information relating to the District's capital assets activity can be found in Note 4 of this report.

Long-term Debt

As of December 31, 2025, the District had debt liabilities of $5,012,121. This amount consists of a note payable to the Colorado Water Resources and Power Development Authority and General Obligation Bonds. Additional details on the District's debt are in Note 5 of this report.

Economic Factors and Next Year's Budget

- Usage varies from year to year impacting fee revenue, the District has budgeted a 2026 service revenue increase based on rate increases implemented in January 2026.
- In February 2026, the District secured financing from the Colorado Water Resources and Power Development Authority. These funds, together with District resources, will be utilized to improve the water system.
- The District evaluates infrastructure on an ongoing basis and facilities are being developed in phases as necessary in accordance with its service plan.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Diego Martinez, District Manager
Baca Grande Water & Sanitation District
57 Baca Grant Way S
Crestone, CO 81131
diego@bacawater.com

BASIC FINANCIAL STATEMENTS

BACA GRANDE WATER & SANITATION DISTRICT

STATEMENT OF NET POSITION

December 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 2,252,177	$ 2,008,241	$ 4,260,418
Cash and investments - restricted	415,246	237,400	652,646
Accounts receivable, net of allowance for uncollectable accounts	-	301,873	301,873
Prepaid expense	-	15,623	15,623
Due from County Treasurer	10,541	-	10,541
Property taxes receivable	1,120,435	-	1,120,435
Capital assets, not being depreciated	-	816,392	816,392
Capital assets, net	-	6,324,984	6,324,984
Total Assets	3,798,399	9,704,513	13,502,912
Deferred Outflows of Resources			
Pension related deferred outflow	-	150,009	150,009
OPEB related deferred outflow	-	10,623	10,623
Bond insurance	32,353	-	32,353
Total Deferred Outflows of Resources	32,353	160,632	192,985
Liabilities			
Accounts payable	13,121	45,195	58,316
Other accrued liabilities	-	950	950
Accrued interest payable	14,029	-	14,029
Noncurrent liabilities:			
Due within one year	180,410	89,333	269,743
Due in more than one year	4,510,739	231,639	4,742,378
Net pension liability	-	332,917	332,917
Net OPEB liability	-	20,627	20,627
Total Liabilities	4,718,299	720,661	5,438,960
Deferred Inflows of Resources			
Property tax revenue	1,120,435	-	1,120,435
Deferred gain on bond refunding	84,684	-	84,684
Pension related deferred inflow	-	14,250	14,250
OPEB related deferred inflow	-	15,611	15,611
Total Deferred Inflows of Resources	1,205,119	29,861	1,234,980
Net Position			
Net investment in capital assets	-	6,820,404	6,820,404
Restricted for:			
Emergencies	29,400	-	29,400
Debt service	374,359	-	374,359
Loan reserve requirement	-	237,400	237,400
Unrestricted	(2,496,425)	2,056,819	(439,606)
Total Net Position	$ (2,092,666)	$ 9,114,623	$ 7,021,957

The accompanying Notes to the Financial Statements are an integral part of these statements.

BACA GRANDE WATER & SANITATION DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities							
General government	$ (439,090)	$ -	$ -	$ -	$ (439,090)	$ -	$ (439,090)
Interest on long-term debt and related costs	(153,276)	-	-	-	(153,276)	-	(153,276)
Total governmental activities	(592,366)	-	-	-	(592,366)	-	(592,366)
Business-type activities							
Water and sanitation	(1,450,071)	1,565,963	63,428	40,000		219,320	219,320
Interest on long-term debt and related costs	(7,728)	-	-	-		(7,728)	(7,728)
Total business-type activities	(1,457,799)	1,565,963	63,428	40,000		211,592	211,592
Total	$ (2,050,165)	$ 1,565,963	$ 63,428	$ 40,000			(380,774)
		General Revenues:					
		Property taxes			1,120,414	-	1,120,414
		Specific ownership taxes			157,469	-	157,469
		Payment in lieu of taxes			-	32,852	32,852
		Interest income			97,316	74,537	171,853
		Miscellaneous income			684	-	684
		Total general revenues			1,375,883	107,389	1,483,272
		Change in Net Position			783,517	318,981	1,102,498
		Net Position - beginning, restated			(2,876,183)	8,795,642	5,919,459
		Net Position - ending			$ (2,092,666)	$ 9,114,623	$ 7,021,957

The accompanying Notes to the Financial Statements are an integral part of these statements.

BACA GRANDE WATER & SANITATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2025

	General	Debt Service	Total Governmental Funds
Assets			
Cash and investments	$ 2,252,177	$ -	$ 2,252,177
Cash and investments - restricted	29,400	385,846	415,246
Due from County Treasurer	7,999	2,542	10,541
Property taxes receivable	811,558	308,877	1,120,435
Total Assets	3,101,134	697,265	3,798,399
Liabilities, Deferred Inflow of Resources and Fund Balances			
Liabilities			
Accounts payable	13,121	-	13,121
Total Liabilities	13,121	-	13,121
Deferred Inflow of Resources			
Property tax revenue	811,558	308,877	1,120,435
Total Deferred Inflow of Resources	811,558	308,877	1,120,435
Fund Balances			
Restricted for:			
Emergencies	29,400	-	29,400
Debt service	-	388,388	388,388
Unassigned	2,247,055	-	2,247,055
Total Fund Balances	2,276,455	388,388	2,664,843
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,101,134	$ 697,265	

Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, including loans, bonds and accrued interest, are not due and payable in the current period and therefore are not reported in the funds:	
Series 2017 bonds outstanding	(4,460,000)
Bond premium, net of accumulated amortization	(231,149)
Gain on refunding, net of accumulated amortization	(84,684)
Bond insurance, net of amortization	32,353
Accrued interest on bonds outstanding	(14,029)
Net position of governmental activities	$ (2,092,666)

The accompanying Notes to the Financial Statements are an integral part of these statements.

BACA GRANDE WATER & SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2025

	General	Debt Service	Total Governmental Funds
Revenues			
Property taxes	$ 767,145	$ 353,269	$ 1,120,414
Specific ownership tax	117,409	40,060	157,469
Miscellaneous income	684	-	684
Interest income	93,662	3,654	97,316
Total Revenues	978,900	396,983	1,375,883
Expenditures			
General government			
County treasurer's fees	30,357	-	30,357
Directors fees	6,093	-	6,093
Accounting	47,649	-	47,649
Audit	11,650	-	11,650
Legal	43,750	-	43,750
Management	289,269	-	289,269
Election cost	10,322	-	10,322
Debt Service			
Bond principal	-	155,000	155,000
Bond interest	-	173,000	173,000
Total Expenditures	439,090	328,000	767,090
Net Change in Fund Balances	539,810	68,983	608,793
Fund Balances - beginning, restated	1,736,645	319,405	2,056,050
Fund Balances - ending	$ 2,276,455	$ 388,388	$ 2,664,843

The accompanying Notes to the Financial Statements are an integral part of these statements.

BACA GRANDE WATER & SANITATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Net change in fund balances - total governmental funds	$	608,793
Amounts reported for governmental activities in the statement of activities are different because:		
Long-term debt (e.g. loans) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Bond principal		155,000
Bond issuance premium reduction		15,410
Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued bond interest payable - change in liability		825
Bond insurance amortization		(2,157)
Amortization of gain on refunding		5,646
Change in net position of governmental activities	$	783,517

The accompanying Notes to the Financial Statements are an integral part of these statements.

BACA GRANDE WATER & SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2025

	Budgeted Amounts Original and Final	Actual	Variance with Budget Positive (Negative)
Revenues			
Property taxes	$ 772,627	$ 767,145	$ (5,482)
Specific ownership tax	90,000	117,409	27,409
Miscellaneous income	-	684	684
Interest income	51,800	93,662	41,862
Total Revenues	914,427	978,900	64,473
Expenditures			
General government			
County treasurer's fees	26,000	30,357	(4,357)
Directors fees	12,000	6,093	5,907
Accounting	45,000	47,649	(2,649)
Audit	15,000	11,650	3,350
Legal	60,000	43,750	16,250
Management	339,000	289,269	49,731
Election cost	15,000	10,322	4,678
Capital			
Capital outlay	120,000	-	120,000
Total Expenditures	632,000	439,090	192,910
Excess of Revenue Over (Under) Expenditures	282,427	539,810	257,383
Other Financing Sources (Uses)			
Transfers in/(out)	(140,000)	-	140,000
Total Other Financing Sources (Uses)	(140,000)	-	140,000
Net Change in Fund Balances	142,427	539,810	397,383
Fund Balances - beginning, restated	1,758,917	1,736,645	(22,272)
Fund Balances - ending	$ 1,901,344	$ 2,276,455	$ 375,111

The accompanying Notes to the Financial Statements are an integral part of these statements.

BACA GRANDE WATER & SANITATION DISTRICT

STATEMENT OF NET POSITION

December 31, 2025

	Water and Sewer Enterprise Fund
Assets	
Current Assets	
Cash and investments	$ 2,008,241
Cash and investments - restricted	237,400
Accounts receivable, net of allowance for uncollectable accounts	301,873
Prepaid expenses	15,623
Capital assets not being depreciated	816,392
Capital assets being depreciated, net of accumulated depreciation	6,324,984
Total Assets	9,704,513
Deferred Outflows of Resources	
Pension related deferred outflow	150,009
OPEB related deferred outflow	10,623
Total Deferred Outflows of Resources	160,632
Liabilities	
Accounts payable	45,195
Other accrued liabilities	950
Long-term debt	
Due within one year	89,333
Due in more than one year	231,639
Net pension liability	332,917
Net OPEB liability	20,627
Total Liabilities	720,661
Deferred Inflows of Resources	
Pension related deferred inflow	14,250
OPEB related deferred inflow	15,611
Total Deferred Inflows of Resources	29,861
Net Position	
Net investment in capital assets	6,820,404
Restricted	
Loan reserve requirement	237,400
Unrestricted	2,056,819
Total Net Position	$ 9,114,623

The accompanying Notes to the Financial Statements are an integral part of these statements .

BACA GRANDE WATER & SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2025

	Water and Sewer Enterprise Fund
Operating Revenues	
Water and sewer fees	$ 1,300,243
Availability of service fees	255,180
Miscellaneous revenue	10,540
Total Operating Revenues	1,565,963
Operating Expenses	
Insurance	42,893
Office expense	36,497
Operating expenses	22,302
Professional fees	14,901
Repair and maintenance	148,313
Salaries and benefits	469,132
Small tools and supplies	5,612
Testing	9,025
Utilities	105,045
Utility billing	25,482
Vehicle operations	39,124
Miscellaneous expenses	1,086
Water costs	22,275
Depreciation	508,384
Total Operating Expenses	1,450,071
Operating Income (Loss)	115,892
Nonoperating Revenues (Expenses)	
Payment in lieu of taxes	32,852
Grant and other revenue	63,428
Net investment income	74,537
Loan interest	(7,728)
Total Nonoperating Revenues (Expenses)	163,089
Income (Loss) Before Capital Contributions	278,981
Capital Contributions	
Tap fees	40,000
Change in Net Position	318,981
Net Position - beginning of the year, restated	8,795,642
Net Position - end of the year	$ 9,114,623

The accompanying Notes to the Financial Statements are an integral part of the statements.

BACA GRANDE WATER & SANITATION DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	Water and Sewer Enterprise Fund
Cash flows from operating activities	
Receipts from customers	$ 1,575,853
Payments to suppliers for goods and services	(460,628)
Payments to employees for services	(556,688)
Net cash provided (used) by operating activities	558,537
Cash flows from noncapital financing activities	
Payment in lieu of taxes	32,852
Net cash provided (used) by noncapital financing activities	32,852
Cash flows from capital and related financing activities	
Tap fees	40,000
Acquisition of capital assets	(246,410)
Principal paid on debt	(87,573)
Interest paid on debt	(7,728)
Grants and other nonoperating proceeds	63,428
Net cash provided (used) by capital and related financing activities	(238,283)
Cash flows from investing activities	
Interest earnings received	74,537
Net cash provided (used) by investing activities	74,537
Net increase (decrease) in cash and cash equivalents	427,643
Cash and cash equivalents - beginning of year, restated	1,817,998
Cash and cash equivalents - end of year	$ 2,245,641
Reconciliation of operating income to net cash provided (used) by operating activities	
Operating income (loss)	$ 115,892
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	508,384
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	9,890
Prepaid expenses	(629)
Increase (decrease) in:	
Accounts payable	11,606
Other accrued liabilities	(86,606)
Total adjustments	442,645
Net cash provided (used) by operating activities	$ 558,537

The accompanying Notes to the Financial Statements are an integral part of the statements .

Note 1 – Definition of reporting entity

Baca Grande Water and Sanitation District (the "District") is a quasi-municipal political subdivision of the State of Colorado governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Saguache County, Colorado. The District was established on January 21, 1972 to provide water and sewer services within and outside of its boundaries.

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

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

Note 2 – Summary of significant accounting policies

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation
The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant, and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

> The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The District reports the following major proprietary fund:

> The Enterprise Fund accounts for operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transfers and other charges between the government’s water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Pooled cash and investments
The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Cash equivalents
For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Accounts receivable, allowance for doubtful accounts
User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Accounts receivable are reported net of an allowance for uncollectible accounts of $22,583 at December 31, 2025.

Prepaid Expenses
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Property Taxes
Property taxes are levied based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November and December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital assets
Capital assets include land, water rights, water and sewer plants and systems, equipment and vehicles. Capital assets are defined by the District as those assets with an initial, individual cost of $5,000 or greater and an estimated useful life in excess of two years. All purchased capital assets are recorded at historical cost or estimated historical cost if constructed. Donated capital assets are recorded at acquisition value at the date of donation. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Water plant and distribution system	20 to 40 years
Sewage treatment plant and collection system	20 to 40 years
Machinery and equipment	5 to 15 years

Compensated absences
The District employees earn paid time off at the rate of 48 to 200 hours per year, based on terms of employment and length of service, which is to be used for vacations, medical leave or personal time off. Employees are allowed to accrue up to 120 hours of unused paid time off at the end of each calendar year. Compensated absences are recorded as current salary cost when paid.

The District is subject to GASB Statement No. 101, Compensated Absences, which establishes guidance for the accounting and financial reporting of compensated absences and associated salary-related payments. The District has evaluated the impact of GASB 101 and has determined that the District's potential liabilities are immaterial. As such, as permitted under US GAAP, the District's potential liability is not reflected in the financial statements.

Original issue premium
In the government-wide financial statements, the bond premium is deferred and amortized over the life of the bonds using the straight line method which is materially consistent with the effective interest method.

Capital contributions
Tap fees are recorded as capital contributions when received. Water and sewer lines contributed to the District by developers are recorded as capital contribution revenue and additions to the water and sewer system when received.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. Accordingly, these items, pension related deferred outflow, OPEB related deferred outflow and bond insurance, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. Accordingly, deferred property tax revenue, deferred gain on bond refunding, pension related deferred inflow and OPEB related deferred inflow, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Pensions

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

Defined Benefit Other Post Employment Benefit (OPEB) Plan

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification.

The total appropriation can only be modified upon completion of notification and publication requirements.

The District amended it budget for the year ended December 31, 2025.

Net position
For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund balance
Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

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

Recently issued pronouncements
The District has adopted the provisions of GASB Statement No. 100, Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62, which is effective for financial statement periods beginning after June 15, 2023. GASB Statement No. 100 provides guidance for prior-period adjustments, changes in accounting principle, changes in accounting estimate, changes in the reporting entity, and corrections of errors in previously issued financial statements.

For the year ended December 31, 2025, the implementation of the new standard impacted the financial statements ended December 31, 2025 as a result of the following:

- Effective January 1, 2025 the District added the Debt Service Fund. This change resulted in the movement of balances and transactions related to the $5,305,000 General Obligation Refunding Bonds, Series 2017. See Note 12 for additional information and description of the changes.

Management has reviewed the treatment and disclosure requirements of the guidance and believes reporting is compliant to the new guidance.

Note 3 – Cash and investments

Cash and investments are reflected on the December 31, 2025 Statement of Net Position as follows:

	2025
Cash and investments	$ 4,260,418
Cash and investments - restricted	652,646
	$ 4,913,064

Cash and investments as of December 31, 2025:

Deposits with financial institutions	$ 722,832
Investments	4,190,232
Total cash and investments	$ 4,913,064

At December 31, 2025, the District's cash deposits had bank balances of $722,146 and carrying balances of $722,832.

Deposits with financial institutions
The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2025, the federal insurance limits were $250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

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 has not adopted a deposit policy for custodial credit risk. None of the District's deposits at December 31, 2025 were exposed to credit risk. As of December 31, 2025, the District's bank balances and carrying balances were insured or collateralized as follows:

	2025
Bank balances	
Federally insured	$ 250,000
Collateralized	472,146
Total bank balances	$ 722,146
Carrying balances	
Federally insured	$ 250,000
Collateralized	472,832
Total carrying balances	$ 722,832

Investments
The District's investment policy restricts investments to only those permitted by state statutes. Additionally, the District's policy is to hold investments until maturity.

The District primarily limits its investments to certain U.S. government agency securities, money market funds and local government investment pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest including the following:

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

Fair Value Measurement and Application
The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series), money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee), CSAFE which is recorded at amortized cost, and COLOTRUST which is recorded at net asset value.

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

Investment	Maturity	2025
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted average under 60 days	$ 4,190,232

COLOTRUST
The District 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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, 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 PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor’s. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

The District holds all its investments in the COLOTRUST PLUS+ portfolio.

Restricted cash and investments

The District had restricted cash of $29,400 for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado (Note 11), as of December 31, 2025.

The District had restricted cash of $385,846 related to debt service requirements as of December 31, 2025.

Pursuant to the terms of the 2009 CWRPDA loan (Note 5), the District has $237,400 restricted for reserves as of December 31, 2025.

Note 4 – Capital assets

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

	December 31, 2024	Additions	Deletions	December 31, 2025
Business-type activities:				
Capital assets, not being depreciated				
Land, water rights, master plan	$ 242,759	$ 13,531	$ -	$ 256,290
Construction in progress	454,140	105,962	-	560,102
Total capital assets, not being depreciated	696,899	119,493	-	816,392
Capital assets being depreciated				
Water plant and distribution system	8,831,194	-	-	8,831,194
Sewer plant and collection system	9,952,587	-	-	9,952,587
Buildings and improvements	-	126,917	-	126,917
Machinery and equipment	745,397	-	-	745,397
Total capital assets being depreciated	19,529,178	126,917	-	19,656,095
Less accumulated depreciations for				
Water plant and distribution system	6,124,236	200,967	-	6,325,203
Sewer plant and collection system	6,194,696	248,273	-	6,442,969
Machinery and equipment	503,795	59,144	-	562,939
Total accumulated depreciation	12,822,727	508,384	-	13,331,111
Total capital assets being depreciated, net	6,706,451	(381,467)	-	6,324,984
Total capital assets, net	$ 7,403,350	$ (261,974)	$ -	$ 7,141,376

Depreciation expense of $508,384 for the year ended December 31, 2025, was charged to water and sewer operations.

Note 5 – Long-term obligations

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

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Governmental Activities					
General Obligation Bonds, Series 2017	$ 4,615,000	$ -	$ 155,000	$ 4,460,000	$ 165,000
Bond Issuance Premium	246,559	-	15,410	231,149	15,410
Total Bonds Payable	4,861,559	-	170,410	4,691,149	180,410
Business-Type Activities					
Direct Borrowing					
2009 CWRPDA Loan	408,545	-	87,573	320,972	89,333
	$ 5,270,104	$ -	$ 257,983	$ 5,012,121	$ 269,743

$5,305,000 General Obligation Refunding Bonds, Series 2017
On December 29, 2017, the District issued $5,305,000 in general obligation refunding bonds for the purpose of advance refunding the outstanding General Obligation refunding bonds issued in 2010. The 2010 Bonds consisted of a partial refund due to the balance of the 2010 Bonds that were non-callable. The unrefunded balance of the 2010 bonds was $250,000. In 2020, the 2010 Bonds were paid in full. Proceeds from the sale of the 2017 bonds were also used to provide funds to pay future bond interest and to pay the costs of issuance of the bonds.

The District refunded the financial obligations to reduce its total debt service payments over the next 23 years by almost $670,521 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $485,744. The District incurred a cost on bond refunding in the amount of $129,852, which was deferred and is being amortized over the life of the 2017 bonds. At December 31, 2025, the remaining amount deferred was $84,684.

The bonds interest rate ranges from 3% to 4% and interest is payable semiannually on each June 1 and December 1, commencing June 1, 2018.

The bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2027, and on any date thereafter, without redemption premium.

The bonds and interest are insured as to repayment by the District. The balance of the cost of insurance was deferred and is being recognized on a straight line basis over the term of the bond. At December 31, 2025 cost of insurance of $32,353 remain deferred.

$1,483,750 Loan Agreement, Colorado Water Resources and Power Development Authority (CWRPDA)
On August 19, 2009, the District entered into a loan agreement with CWRPDA for a maximum principal amount of $1,483,750. The loan proceeds were used for distribution system improvements, water main and meter replacements, and well improvements.

Payments of principal and interest are made semi-annually on June 1 and December 1, beginning December 1, 2010 through June 1, 2029. The loan bears interest at the rate of 2.0% per annum. The District has the option to repay the loan, in whole or in part, without penalty upon prior written notice of not less than 30 days to CWRPDA.

The 2009 loan agreement contains a restrictive covenant which requires the District to maintain a three-month operating reserve. At December 31, 2025, the District restricted $237,400 of cash and net position in compliance with this covenant.

Remedies under the loan agreement, in the event of default of any covenant, includes legally available remedies as the lender may deem necessary or appropriate.

Debt maturities
The District's long-term obligations will mature as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 254,333	$ 174,318	$ 428,651
2027	306,129	167,572	473,701
2028	317,960	159,290	477,250
2029	282,550	148,422	430,972
2030	250,000	138,550	388,550
2031-2035	1,455,000	535,000	1,990,000
2036-2040	1,915,000	240,600	2,155,600
	$ 4,780,972	$ 1,563,752	$ 6,344,724

Debt authorization
On November 4, 2008 and May 4, 2010, a majority of qualified electors of the District authorized the issuance of indebtedness in amounts not to exceed $6,000,000, at interest rates not to exceed 8.5% per annum. The 2010 authorization was for the purpose of refunding previously issued bonds. At December 31, 2025, the District had authorized but unissued indebtedness of $1,250.

Note 6 – Net Position

The District has Net Position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2025, the District had net investment in capital assets as follows:

Capital assets, not being depreciated	$ 816,392
Capital assets, being depreciated, net	6,324,984
Long-term liabilities due within one year	(89,333)
Long-term liabilities due in more than one year	(231,639)
Total net investment in capital assets	$ 6,820,404

The restricted component of net position includes assets restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2025, the District had restricted net position as follows:

Debt service	$	374,359
Loan operating reserve requirement (Note 5)		237,400
Emergency reserve (TABOR)		29,400
Total restricted net position	$	641,159

The District had unrestricted net position (deficit) of ($439,606) at December 31, 2025. The unrestricted net position (deficit) is a result of loan proceeds in the government wide financial statements which were used to acquire capital assets transferred to the enterprise fund.

Note 7 – Agreements

Water Services Agreement

On October 24, 1972, the Arizona-Colorado Land and Cattle Company and the District entered into a Water Rights Lease, recorded July 22, 1980, at Book 394, Page 117 of the records of the Saguache County Clerk and Recorder (the Lease). On August 28, 1997, the successor landowner of Arizona-Colorado Land and Cattle Company, Cabeza De Vaca Land & Cattle Company, LLC (Cabeza) entered into a Water Service Agreement (the Agreement), which amended and restated the Lease. This Agreement was recorded November 13, 1997, under Reception No. 321547 of the Saguache County, Colorado Records. The Agreement expired on June 1, 2020 and automatically renewed for a successive term of 20 years beginning on June 1, 2020. Under the Agreement, Cabeza agreed to sell to the District, on an annual basis, up to 4,000 acre-feet of water annually for the price stipulated in the Agreement. The Nature Conservancy purchased land from Cabeza on September 10, 2004, which included water rights subject to the Agreement. The United States Fish and Wildlife Services (USFWS) acquired the property from The Nature Conservancy. Section 6 of Public Law 106-530 established the Baca National Wildlife Refuge, which requires that the USFWS administer the water resources at the refuge in a manner that protects and maintains the water rights for the protection of the monument, park, preserve, and refuge resources and uses; and minimum adverse impacts on other water uses.

The USFWS and the District have engaged in discussions regarding a long-term Amendment to the Agreement to reflect current conditions in the valley. The parties have discussed the possibility of reducing the maximum quantity of water available under the Agreement to the District. In exchange, the USFWS stated that it would consider a tiered approach to pricing based on the amount of water used by the District. While the parties engage in good-faith negotiations to agree on a long-term Amendment, the USFWS wants to provide the District some temporary relief in the form of a price-reduction.

The District and USFWS entered into the Amendment No. 1 to the Water Services Agreement (the Amendment) for the term of June 1, 2023 to May 31, 2024. The Amendment has subsequently been extended two times on May 21, 2025 and May 31, 2026. Under the terms of the Amendment, the USFWS agrees to sell to the District, during the term of the Amendment, up to 500 acre-feet of water annually. The District agrees to pay the USFWS a monthly sum, payable in arrears, calculated by multiplying the total volume of water diverted by the District each calendar month, in acre feet to the nearest tenth of an acre foot, by $75.00 per acre foot. The price does not reflect market value but instead places value on the District's forbearance. Any additional amounts used by the District during the term of the Amendment, up to a cap of 850 acre-feet shall be priced in accordance with the terms of the unamended Section 3 of the Agreement. Nothing in the Amendment alters the District's right to divert up to 4,000 acre feet of water annually after the expiration of the Amendment and any extensions.

Amendment No. 1 (Second Extension) was entered into on May 21, 2025 to extend the term of the amendment by one year until May 31, 2026. On May 31, 2026. Amendment No. 1 (Third Extension) extended the term by two additional years until May 31, 2028 or until a new long-term amendment is effective. The first year, through May 31, 2027 has no modification. During the second year between June 1, 2027 and May 31, 2028 the terms were amended to increase the monthly sum to $100.00 per acre foot.

Intergovernmental Agreement for the Provision of Wastewater Treatment Services to the Town of Crestone

On January 31, 2025, the District and the Town of Crestone (Crestone) entered into a new intergovernmental agreement (IGA) for a term through December 31, 2044 unless the Town becomes included in the service area of the District or the Town constructs and begins using an approved wastewater treatment facility of its own. Under the IGA, the District agreed to provide wastewater treatment services to the Town based on gallons of flow and pounds of Biochemical Oxygen Demand (BOD) produced by the Town pursuant to the following rates:

Rate per 1,000 gallons of flow: $8.33/1,000 gallons and
Rate per pound of BOD: $1.05/pound BOD.

The District has the discretion to increase rates charged to the Town subject to requirements stipulated in the IGA. Additionally, the IGA contemplates potential District facility expansion and creates a framework for the Town to pay a proportionate share of expansion costs.

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF) - a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (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 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 the 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 of January 1, 2025 through December 31, 2025 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 LGDTF	**13.76%**	**13.79%**

*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 District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were $83,734 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 District's proportion of the net pension liability was based on District contributions to the LGDTF for the calendar year 2024 relative to the total contributions of participating employers.

At December 31, 2025, the District reported a liability of $332,917 for its proportionate share of the net pension liability.

At December 31, 2024, the District's proportion was 0.0543%, which was a decrease of 0.0057% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the District recognized pension expense of $8,966. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 25,121	$ -
Changes of Assumptions or other Inputs	9,825	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	31,329	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	-	14,250
Contributions Subsequent to the Measurement Date	83,734	-
Total	$ 150,009	$ 14,250

$83,734 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	$ 47,603
2027	78,445
2028	(53,028)
2029	(20,995)
2030	-
Thereafter	-

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	Adjustment, if 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	Adjustment, if 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
Safety officers	PubS-2010 Healthy Retiree	N/A

Post-retirement (beneficiary), non-disabled	Mortality table	Adjustment, if 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	Adjustment, if applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates of 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.

Pre-retirement	Mortality table	Adjustment, if 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	Adjustment, if 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	Adjustment, if 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	Adjustment, if applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates of 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:

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.

- 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 District's proportionate share of the net pension liability to changes in the discount rate.
The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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% Increase (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 728,689	$ 332,917	$ 424

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.

Note 9 – Defined Benefit Other Post Employment Benefit (OPEB) Plan

General Information about the OPEB Plan
Plan description. Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit 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.

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.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $6,194 for the year ended December 31, 2025.

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

At December 31, 2025, the District reported a liability of $20,627 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the District's proportion was 0.0043%, which was a decrease of 0.0005% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the District recognized OPEB expense (income) of $(6,594). At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ -	$ 4,550
Changes of Assumptions or other Inputs	237	6,594
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	70	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share Share of Contributions	4,122	4,467
Contributions Subsequent to the Measurement Date	6,194	-
Total	$ 10,623	$ 15,611

$6,194 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 June 30,	Amount
2026	$ (3,077)
2027	(942)
2028	(2,470)
2029	(2,046)
2030	(1,691)
Thereafter	(956)

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

	Trust Fund			
	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 State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	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				
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			

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.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
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%

	MAPD PPO #1 with Medicare Part A - Retiree/Spouse		MAPD PPO #2 with Medicare Part A - Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A - Retiree/Spouse	
Sample Age	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

	MAPD PPO #1 without Medicare Part A - Retiree/Spouse		MAPD PPO #2 without Medicare Part A - Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A - Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	$6,536	$5,429	$4,241	$3,523	$7,063	$5,866
70	$7,341	$6,073	$4,764	$3,941	$7,933	$6,563
75	$8,110	$6,385	$5,262	$4,143	$8,763	$6,900

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the 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	MAPD PPO #2[1]	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

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

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement	Mortality table	Adjustment, if 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	Adjustment, if 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) Healthy Retiree	N/A

Post-retirement (beneficiary), non-disabled	Mortality table	Adjustment, if 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	Adjustment, if applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates of 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.

- 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.

Salary increases, including wage inflation	State Division	School Division	Local Government Division	Judicial Division
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.

Pre-retirement	Mortality table	Adjustment, if 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	Adjustment, if 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) Healthy Retiree	N/A

Post-retirement (beneficiary), non-disabled	Mortality table	Adjustment, if 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	Adjustment, if applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates of 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 future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	**100.00%**	

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 District's 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%
Proportionate Share of the Net OPEB Liability	$ 20,072	$ 20,627	$ 21,256

[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.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 25,279	$ 20,627	$ 16,617

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.

Note 10 – Risk management

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for these risks of loss, including workers compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three fiscal years.

The District was a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2025. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery and workers compensation coverage to its members. Settlements have not exceeded coverage during the past three fiscal years.

Note 11 – Tax, spending and debt limitations

Article X, Section 20 of the Colorado constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

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

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

On November 3, 1998, the voters approved a ballot which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 1998 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, effective January 1, 1998, provided, however that no property tax mill levy be increased at any time nor shall any new tax be imposed without prior approval of the voters. On November 4, 2008, the District electors approved a ballot question regarding a tax increase to pay for District operations, maintenance and other expenses.

Note 12 – Change within the Financial Reporting Entity

In order to establish the Debt Service Fund, the initial opening balances of the District ‘s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for governmental activities, as of the beginning of the period, were determined on the basis of the carrying values reported at the end of the prior year.

	Governmental Activities Debt Service	Water and Sewer Enterprise Fund
Fund balance		
Fund balance/funds available - prior year	$ -	$ 2,105,423
Reconciliation to resource availability	-	237,592
Prior year general obligation restricted cash	319,405	(319,405)
Beginning fund balance/funds available - restated	319,405	2,023,610
Net position		
Prior year net position	1,736,646	4,182,814
Transfer debt service fund balance	319,405	(319,405)
Deferred outflow - bond insurance	34,510	(34,510)
Accrued interest	(14,855)	14,854
Noncurrent liabilities	(4,861,559)	4,861,559
Deferred inflow - gain on refunding	(90,330)	90,330
Beginning net position - restated	$ (2,876,183)	$ 8,795,642

Note 13 – Subsequent Event

On February 17, 2026 the District entered into a Loan Agreement with Colorado Water Resources and Power Development Authority (the Authority) for the purpose of rehabilitating an existing booster pump station with installation of new pumps, rehabilitation of the water treatment system, rehabilitation of a water storage tank and the addition of a fill station (the Project). The total loan amount is $823,000 with up-front principal forgiveness of $530,353, and repayable loan principal of $292,647 at an interest rate of 1.5% for 20 years. Payments are due semi-annually on May 1st and November 1st beginning on May 1, 2026. The estimated total cost of the project is $1,841,330.

REQUIRED SUPPLEMENTAL INFORMATION

Baca Grande Water and Sanitation District

Schedule of the District's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years

PERA Local Government Division Trust Fund

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date Ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.054257%	0.059991%	0.058820%	0.057758%	0.052035%	0.056903%	0.055353%	0.049548%	0.049697%	0.048496%
District's Proportionate Share of the Net Pension Liability	$ 332,917	$ 440,359	$ 589,711	$ (49,520)	$ 271,168	$ 416,186	$ 695,908	$ 551,685	$ 671,082	$ 534,225
State's Proportionate Share of the Net Pension Liability associated with the District **	-	-	-	-	-	-	-	-	-	-
Total	$ 332,917	$ 440,359	$ 589,711	$ (49,520)	$ 271,168	$ 416,186	$ 695,908	$ 551,685	$ 671,082	$ 534,225
District's Covered Payroll	520,649	527,033	481,258	429,767	364,426	391,850	363,058	312,571	301,230	301,229
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	63.9%	83.6%	122.5%	(11.5%)	74.4%	106.2%	191.7%	176.5%	222.8%	177.3%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.5%	88.0%	83.0%	101.5%	90.9%	86.3%	76.0%	79.4%	73.6%	76.9%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available.

**HB 20-1379 suspended the direct distribution scheduled for July 1, 2020 in fiscal year 2021.

Baca Grande Water and Sanitation District

Schedule of the District Contribuions

PERA Local Government Division Trust Fund

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 83,734	$ 71,642	$ 72,414	$ 64,823	$ 56,729	$ 47,499	$ 49,688	$ 46,036	$ 39,634	$ 38,196
Contributions in Relation to the Contractually Required Contribution	83,734	71,642	72,414	64,823	56,729	47,499	49,688	46,036	39,634	38,196
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 607,206	$ 520,649	$ 527,033	$ 481,258	$ 429,767	$ 364,426	$ 391,850	$ 363,058	$ 312,571	$ 301,230
Contributions as a Percentage of Covered Payroll	13.79%	13.76%	13.74%	13.47%	13.20%	13.03%	12.68%	12.68%	12.68%	12.68%

Baca Grande Water and Sanitation District

Schedule of the District's Proportionate Share of the Net OPEB Liability

PERA Health Care Trust Fund

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Plan Measurement Date Ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's Proportion (Percentage) of the Collective Net OPEB Liability	0.00431%	0.00477%	0.00474%	0.00449%	0.00394%	0.00436%	0.00429%	0.00385%	0.00381%
District's Proportionate Share of the Collective Net OPEB Liability	$ 20,627	$ 34,040	$ 38,722	$ 38,717	$ 37,447	$ 48,985	$ 58,403	$ 50,036	$ 49,462
Covered payroll	$ 520,649	$ 527,033	$ 481,258	$ 429,767	$ 364,426	$ 391,850	$ 363,058	$ 312,571	$ 301,230
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	4.0%	6.5%	8.0%	9.0%	10.3%	12.5%	16.1%	16.0%	16.4%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	59.8%	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

Baca Grande Water and Sanitation District

Schedule of District Contributions - Last 10 Fiscal Years

PERA Health Care Trust Fund

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 6,194	$ 5,311	$ 5,376	$ 4,909	$ 4,384	$ 3,717	$ 3,997	$ 3,703	$ 3,188	$ 3,073
Contributions in Relation to the Contractually Required Contribution	6,194	5,311	5,376	4,909	4,384	3,717	3,997	3,703	3,188	3,073
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 607,206	$ 520,649	$ 527,033	$ 481,258	$ 429,767	$ 364,426	$ 391,850	$ 363,058	$ 312,571	$ 301,230
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

SUPPLEMENTAL INFORMATION

BACA GRANDE WATER & SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	$ -	$ 354,991	$ 353,269	$ (1,722)
Specific ownership tax	-	32,000	40,060	8,060
Interest income	-	1,550	3,654	2,104
Total Revenues	-	388,541	396,983	8,442
Expenditures				
General government				
Trustee fee	-	600	-	600
Debt Service				
Bond principal	-	155,000	155,000	-
Bond interest	-	173,000	173,000	-
Total Expenditures	-	328,600	328,000	600
Net Change in Fund Balances	-	59,941	68,983	9,042
Fund Balances - beginning, restated	-	259,686	319,405	59,719
Fund Balances - ending	$ -	$ 319,627	$ 388,388	$ 68,761

BACA GRANDE WATER & SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL - BUDGETARY BASIS

WATER AND SEWER ENTERPRISE FUND

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Charges for services	$ 1,239,000	$ 1,239,000	$ 1,300,243	$ 61,243
Property taxes	354,991	-	-	-
Specific ownership taxes	32,000	-	-	-
Availability of service fees	275,055	275,055	255,180	(19,875)
Payment in lieu of taxes	25,000	25,000	32,852	7,852
Grant and other revenue	92,696	6,000	63,428	57,428
Net investment income	38,810	37,250	74,537	37,287
Tap fees	30,000	30,000	40,000	10,000
Miscellaneous revenue	3,800	3,800	10,540	6,740
Total Revenues	2,091,352	1,616,105	1,776,780	160,675
Expenditures				
Operations				
Insurance	45,000	45,000	42,893	2,107
Office expense	38,680	38,680	36,497	2,183
Operating expenses	76,200	74,200	22,302	51,898
Professional fees	29,000	29,000	14,901	14,099
Repair and maintenance	317,500	317,500	148,313	169,187
Salaries and benefits	626,500	626,500	469,132	157,368
Small tools and supplies	6,500	6,500	5,612	888
Testing	15,000	15,000	9,025	5,975
Utilities	122,800	122,800	105,045	17,755
Utility billing	21,000	21,000	25,482	(4,482)
Vehicle operations	29,000	29,000	39,124	(10,124)
Paying agent fee	600	-	-	-
Miscellaneous expenses	-	2,000	1,086	914
Water costs	25,000	25,000	22,275	2,725
Total Operations Expenditures	1,352,780	1,352,180	941,687	410,493
Debt Service				
Principal	242,573	87,573	87,573	-
Interest	180,728	7,728	7,728	-
Capital Outlay	266,674	245,000	246,410	(1,410)
Total Expenditures	2,042,755	1,692,481	1,283,398	409,083
Excess (Deficit) of Revenues Over (Under) Expenditures	48,597	(76,376)	493,382	569,758
Other Financing Sources (Uses)				
Transfers from other funds	140,000	-	-	-
Total Other Financing Sources (Uses)	140,000	-	-	-
Change in Funds Available	188,597	(76,376)	493,382	569,758
Funds Available - beginning of year, restated	2,393,830	1,985,631	2,023,610	37,979
Funds Available - end of year	$ 2,582,427	$ 1,909,255	$ 2,516,992	$ 607,737

BACA GRANDE WATER & SANITATION DISTRICT

RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

WATER AND SEWER ENTERPRISE FUND

For the Year Ended December 31, 2025

Revenues (budgetary basis)	$ 1,776,780
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	1,776,780
Expenditures (budgetary basis)	1,283,398
Depreciation	508,384
Debt service - principal expenditure	(87,573)
Capital outlay	(246,410)
Total Expenses per Statement of Revenues, Expenses and Changes in Net Position	1,457,799
Change in Net Position per Statement of Revenues, Expenses and Changes in Net Position	$ 318,981

BACA GRANDE WATER & SANITATION DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

DECEMBER 31, 2025

Year Ended	$5,305,000 General Obligation Bonds, Series 2017 Principal Due on December 1 Interest Rate of 3% to 4% Payable on June 1 and December 1			$1,483,750 Colorado Water Resources and Power Development Authority, Interest Rate of 2.00% Loan principal and interest payable on June 1 and December 1			Total		
December 31,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	$ 165,000	$ 168,350	$ 333,350	$ 89,333	$ 5,968	$ 95,301	$ 254,333	$ 174,318	$ 428,651
2027	215,000	163,400	378,400	91,129	4,172	95,301	306,129	167,572	473,701
2028	225,000	156,950	381,950	92,960	2,340	95,300	317,960	159,290	477,250
2029	235,000	147,950	382,950	47,550	472	48,022	282,550	148,422	430,972
2030	250,000	138,550	388,550	-	-	-	250,000	138,550	388,550
2031	265,000	128,550	393,550	-	-	-	265,000	128,550	393,550
2032	275,000	117,950	392,950	-	-	-	275,000	117,950	392,950
2033	290,000	106,950	396,950	-	-	-	290,000	106,950	396,950
2034	305,000	95,350	400,350	-	-	-	305,000	95,350	400,350
2035	320,000	86,200	406,200	-	-	-	320,000	86,200	406,200
2036	330,000	76,600	406,600	-	-	-	330,000	76,600	406,600
2037	345,000	63,400	408,400	-	-	-	345,000	63,400	408,400
2038	395,000	49,600	444,600	-	-	-	395,000	49,600	444,600
2039	415,000	33,800	448,800	-	-	-	415,000	33,800	448,800
2040	430,000	17,200	447,200	-	-	-	430,000	17,200	447,200
	$ 4,460,000	$ 1,550,800	$ 6,010,800	$ 320,972	$ 12,952	$ 333,924	$ 4,780,972	$ 1,563,752	$ 6,344,724

BACA GRANDE WATER & SANITATION DISTRICT

SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED

DECEMBER 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2021	$ 11,174,827	37.000	17.000	$ 603,441	$ 606,117	100.44%
2022	14,667,703	37.000	17.000	792,056	793,324	100.16%
2023	14,347,874	37.000	17.000	774,785	770,391	99.43%
2024	20,868,671	37.000	17.000	1,126,908	1,105,519	98.10%
2025	20,920,044	37.000	17.000	1,127,618	1,120,414	99.36%
Estimated for Year Ending December 31, 2026	24,225,617	33.500	12.750	1,120,435		

Baca Grande Water and Sanitation District

P.O. Box 520 | 57 Baca Grant Way S
Crestone, CO 81131-0520
719-256-4310
www.bacawater.com

July 9, 2026

Fiscal Focus Partners, LLC
P.O. Box 740339
Arvada, CO 80006

This representation letter is provided in connection with your audit of the financial statements of Baca Grande Water and Sanitation District (the District), which comprise the respective financial position of the governmental activities, the business-type activities, and each major fund as of December 31, 2025, and the respective changes in financial position, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 23, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
6) Related party relationships and transactions, if any, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7) Adjustments or disclosures have been made for all events, including instances of noncompliance, if any, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

Baca Grande Water and Sanitation District

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8) The effects of any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclose.

Information Provided

11) We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the District and involves—

    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

22) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

24) Where applicable, we have appropriately identified, recorded, and disclosed all leases in accordance with GASBS No. 87

25) We have appropriately disclosed all information for conduit debt obligations, if any, in accordance withGASBS No. 91 .

26) Where applicable, we have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96

27) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements, if any.

28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

29) We have reviewed, approved, and accepted responsibility for the financial statements and disclosures.

30) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

31) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

32) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

33) The financial statements include all fiduciary activities required byGASBS No. 84 .

34) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended.

35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

36) Components of net position (net investment in capital assets; restricted; and unrestricted are properly classified and, if applicable, approved.

37) Investments, derivative instruments, and land and other real estate held by endowments, if any, are properly valued.

38) Provisions for uncollectible receivables, if any, have been properly identified and recorded.

39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

42) Deposits and investment securities and derivative instruments, if any, are properly classified as to risk and are properly disclosed.

43) Where applicable, capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

44) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

45) We are following our established accounting policy regarding which resources (that is, restricted, or unrestricted) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the net position classifications for financial reporting purposes.

46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

47) With respect to the supplementary information, as identified in the table of contents of the financial statements, on which an in-relation-to opinion is issued (e.g., combining statements, individual fund statements), we acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

District Manager

District Accountant

BACA GRANDE WATER & SANITATION DISTRICT

Financial Information

Month Ending June 30, 2026

UNAUDITED

CASH POSITION

BACA GRANDE WATER AND SANITATION DISTRICT

Schedule of Cash Position
June 30, 2026
UNAUDITED

FINANCIAL INSTITUTION	RATE	Balance
First Bank - Operations Account	n/a	$ 167,043.58
Xpress Deposit Account	n/a	$ 82,382.74
Alamosa State Bank- Operations Account	n/a	$ 1,231,654.60
First Bank - Liquid Asset - Debt Service		$ 1.85
ColoTrust - Bond Account		$ 88,054.15
ColoTrust - Investment Account		$ 4,180,961.81
Total Operating Cash		$ 5,750,098.73
Capital Account		
ColoTrust - Capital Project Account		$ 351.19
Total Capital Cash		$ 351.19
Total Cash		**$ 5,750,449.92**

COMBINED BALANCE SHEET

Baca Grande Water and Sanitation District

Combined Balance Sheet - All Fund Types

June 30, 2026

UNAUDITED

	GENERAL	ENTERPRISE	DEBT SERVICE (consolidated into GF)	TOTAL
ASSETS AND OTHER DEBITS				
CURRENT ASSETS				
FIRST BANK CHECKING	$ 714,589	$ 511,346	$ 194,351	$ 1,420,286
FIRST BANK LIQUID ASSET - MM	-	-	-	-
FIRST BANK LIQUID ASSET - DEBT SERVICE	-	-	-	-
XPRESS DEPOSIT ACCOUNT	-	67,596	-	67,596
COLOTRUST - INVESTMENT	1,939,577	2,009,069	232,316	4,180,962
COLOTRUST - BOND	-	-	88,054	88,054
COLOTRUST - PROJECT FUND	-	351	-	351
PROPERTY TAXES RECEIVABLE	811,558	-	308,877	1,120,435
PREPAID EXPENSES	-	22,258	-	22,258
ACCOUNTS RECEIVABLE - CUSTOMERS/MISC	-	310,927	-	310,927
ACCOUNTS RECEIVABLE - GOVERNMENTS	148,010	96,799	54,233	299,042
TOTAL CURRENT ASSETS	**$ 3,613,734**	**$ 3,018,345**	**$ 877,831**	**$ 7,509,911**
NONCURRENT ASSETS				
LAND, WATER RIGHT, MASTER PLAN		$ 256,290		$ 256,290
SEWAGE PLANT		9,952,587		9,952,587
BUILDINGS AND IMPROVEMENTS		126,917		126,917
WATER PLANT		8,831,194		8,831,194
MACHINERY & EQUIPMENT		513,476		513,476
LEASED EQUIPMENT & VEHICLES		231,921		231,921
CONSTRUCTION IN PROCESS		560,102		560,102
ACCUMULATED DEPRECIATION - SEWAGE PLANT		(6,442,969)		(6,442,969)
ACCUMULATED DEPRECIATION - WATER PLANT		(6,325,203)		(6,325,203)
ACCUMULATED DEPRECIATION - MACHINERY & EQUIPMENT		(562,939)		(562,939)
PENSION - DEFERRED OUTFLOW		150,009		150,009
OPEB - DEFERRED OUTFLOW		10,625		10,625
TOTAL NONCURRENT ASSETS	**$ -**	**$ 7,302,009**	**$ -**	**$ 7,302,009**
TOTAL ASSETS	**$ 3,613,734**	**$ 10,320,355**	**$ 877,831**	**$ 14,811,920**
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	$ -	$ 7,647	$ -	$ 7,647
ACCRUED INTEREST PAYABLE	-	-	-	-
DEFERRED PROPERTY TAXES	811,558	-	308,877	1,120,435
TOTAL CURRENT LIABILITIES	811,558	7,647	308,877	1,128,082
NONCURRENT LIABILITIES				
CWPA LOAN	-	276,528	-	276,528
NET OPEB LIABILITY	-	20,627	-	20,627
NET PENSION LIABILITY	-	332,917	-	332,917
PENSION DEFERRED INFLOW	-	14,250	-	14,250
OPEB DEFERRED INFLOW	-	15,611	-	15,611
TOTAL NONCURRENT LIABILITIES	**-**	**659,933**	**-**	659,933
FUND BALANCE				
BEGINNING FUND BALANCE	2,276,454	9,114,620	388,387	11,779,462
NET CHANGE IN FUND BALANCE	525,721	538,155	180,567	1,244,442
TOTAL FUND BALANCE	**2,802,176**	**9,652,775**	**568,954**	**13,023,904**
TOTAL LIABILITIES AND FUND BALANCE	**$ 3,613,734**	**$ 10,320,355**	**$ 877,831**	**$ 14,811,920**

INDIVIDUAL FUNDS

General Fund
Enterprise Fund
Debt Service Fund

BACA GRANDE WATER AND SANITATION DISTRICT
GENERAL FUND
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual
For the Month Ended June 30, 2026
UNAUDITED

	Actual YTD	Adopted 2026 Budget	Favorable (Unfavorable) Variance	YTD
REVENUE				
Property Taxes	$ 683,539	$ 811,558	$ (128,019)	84%
Interest on Property Taxes	650	3,000	(2,350)	22%
Specific Ownership Tax	66,730	100,000	(33,270)	67%
Interest/Miscellaneous Income	42,658	70,000	(27,342)	61%
Total Revenue	$ 793,577	$ 984,558	$ (190,981)	81%
EXPENDITURES				
County Treasurer's Fee	$ 22,989	$ 30,000	$ 7,011	77%
Audit	-	15,000	15,000	0%
Legal	33,789	60,000	26,211	56%
Management/Administrative Payroll/Benefits	148,427	349,170	200,743	43%
Accounting	59,750	45,000	(14,750)	133%
Directors' Fees	2,900	12,000	9,100	24%
Emergency Reserve	-	31,560	31,560	0%
Total Expenditures	$ 267,856	$ 542,730	$ 274,874	49%
Excess Revenue Over (Under) Expenditures	$ 525,721	$ 441,828	$ 83,893	

BACA GRANDE WATER AND SANITATION DISTRICT
ENTERPRISE FUND
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual
For the Month Ended June 30, 2026

	Actual YTD	Adopted 2026 Budget	Favorable (Unfavorable) Variance	YTD
REVENUE				
Water Usage Fees	$ 349,549	$ 756,448	$ (406,899)	46%
Sewer Usage Fees	277,721	538,847	(261,126)	52%
Usage Fees Penalties	6,217	16,000	(9,783)	39%
Transfer Fee	19,950	44,000	(24,050)	45%
Consolidation Fee	12,500	30,000	(17,500)	42%
Availability of Service Fees	245,030	275,055	(30,025)	89%
Pmts in Lieu of Taxes	32,627	32,000	627	102%
Tap Fee Installments	-	30,000	(30,000)	0%
Hook Up/Inspection Fees	26,583	40,000	(13,417)	66%
Line Extension Fees	-	20,000	(20,000)	0%
Rent	900	1,800	(900)	50%
Raw Water	-	-	-	0%
Miscellaneous Revenue/Subdivision Fee/Bulk	10,470	10,015	455	105%
Interest	34,910	45,000	(10,090)	78%
Grant/Loan Proceeds	37,594	2,079,000	(2,041,406)	2%
Total Revenue	$ 1,054,051	$ 3,918,165	$ (2,864,114)	27%
EXPENDITURES				
Operations				
Raw Water USFSWS	$ 6,975	$ 25,750	$ 18,775	27%
Testing/NPDES Permit Fees	3,588	15,450	11,862	23%
Insurance- Property CSDLP	22,258	46,350	24,092	48%
Bad Debt Expense	-	3,175	3,175	0%
Bank Charges	212	515	303	41%
Mileage Reimbursement	445	2,000	1,555	22%
Clothing Allowance	1,604	2,600	996	62%
Postage	482	3,090	2,608	16%
Copier Lease and Equipment	933	2,966	2,033	31%
Office Supplies	695	2,500	1,805	28%
Phone Answering Service	1,698	3,900	2,202	44%
Computers and Media	-	3,000	3,000	0%
Computer Support	950	4,635	3,685	20%
Software Maintenance	19,481	25,000	5,519	78%
Fire Extinguisher Service	-	1,030	1,030	0%
Utility Maintenance Tools	1,043	3,600	2,557	29%
Supplies	766	3,090	2,324	25%
Utility Billing	13,842	25,000	11,158	55%
Training and Education	9,299	20,600	11,301	45%
Advertising	283	2,678	2,395	11%
Memberships	3,652	5,665	2,013	64%
Locates	244	1,030	786	24%
Meals and Lodging	1,253	3,090	1,837	41%
Gas and Oil	4,267	15,450	11,183	28%
Vehicle-Repairs and Maint	12,343	37,100	24,757	33%
Diesel Fuel	2,266	9,270	7,004	24%
Professional Fees	-	15,000	15,000	0%
Professional Fees / GIS	1,263	5,150	3,887	25%
Trustee / Paying Agent Fees	-	600	600	0%
2009 CWPA SRF Princ	2,590	89,333	86,743	3%
2009 CWPA SRF Interest	4,108	5,968	1,860	69%
Total Operations	$ 116,541	$ 384,585	$ 268,044	30%

BACA GRANDE WATER AND SANITATION DISTRICT
ENTERPRISE FUND
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual
For the Month Ended June 30, 2026

	Actual YTD	Adopted 2026 Budget	Favorable (Unfavorable) Variance	YTD
Repairs & Maintenance				
Repair & Maintenance - Equipment	$ -	$ -	$ -	0%
Repairs & Maint-Water Mains	-	50,000	50,000	0%
Repairs & Maint-Sewer	447	36,050	35,603	1%
Repairs & Maint-Well No. 18	-	20,600	20,600	0%
Repairs & Maint - Pump Houses	250	15,450	15,200	2%
Repair & Maint-Fire Hydrants	-	16,480	16,480	0%
Repair & Maint-Aspen TP	7,106	30,900	23,794	23%
Repair & Maint - Lift Stations	-	25,750	25,750	0%
Repair & Maint-Office	2,452	10,000	7,548	25%
Repair-Master Meters	-	20,600	20,600	0%
Repair & Maint-Golf Course Well	-	3,090	3,090	0%
Repairs & Maintenance-Water Tanks	-	51,500	51,500	0%
Repair & Maintainence-SCADA	-	5,150	5,150	0%
Chemicals Maintenance	7,104	14,420	7,316	49%
Waste Water Treatment Chemicals	16,832	27,570	10,738	61%
Retail Water Meter Parts	-	40,000	40,000	0%
Line Extension Review Expense	-	20,600	20,600	0%
Water Master Plan	27,374	50,000	22,626	55%
Water Production System	-	1,841,330	1,841,330	0%
Water Distribution System	-	100,000	100,000	0%
Collection System	-	50,000	50,000	0%
Treatment System	-	500,000	500,000	0%
Water Loss Prevention Project	10,224	-	(10,224)	0%
Total Repairs & Maintenance	$ 71,789	$ 2,929,490	$ 2,857,701	2%
Utilities				
South Crestone Filter Plant	$ (991)	$ 1,030	$ 2,021	-96%
Shumei BS / Cottonwood Apt	2,008	4,635	2,627	43%
Casita Park Pumphouse-MHE Booster Station	745	6,180	5,435	12%
Well No. 18	14,914	36,050	21,136	41%
Golf Course Well	1,011	2,060	1,049	49%
Shop Pumphouse	734	1,030	296	71%
Moonlight Pumphouse	2,345	3,811	1,466	62%
Ridgeview Pumphouse	1,777	3,811	2,034	47%
Fallen Tree PH	1,624	3,090	1,466	53%
Pine Cone Pumphouse	929	2,266	1,337	41%
Aspen TP	10,406	21,630	11,224	48%
Aspen TP-Propane	2,835	7,725	4,890	37%
Wagon Wheel LS	1,704	3,090	1,386	55%
Mobile Home Estates LS	1,707	4,120	2,413	41%
Stables LS	(1,706)	2,266	3,972	-75%
Shop, Office, Yard	1,828	5,150	3,322	35%
Shop, Yard, Office-Propane	1,312	3,605	2,293	36%
Office / Cell Phones	3,003	9,000	5,997	33%
Trash and Recycling Services	1,499	3,605	2,106	42%
Total Utilities	$ 47,685	$ 124,154	$ 76,469	38%
Payroll				
Payroll Expense	$ 1,651	$ 4,120	$ 2,469	40%
Payroll-Gross	171,491	396,550	225,059	43%
Payroll-Gross Summer Help	-	18,000	18,000	0%
Payroll Taxes	3,526	5,665	2,139	62%
PERA	27,096	47,380	20,284	57%

BACA GRANDE WATER AND SANITATION DISTRICT
ENTERPRISE FUND
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual
For the Month Ended June 30, 2026

	Actual YTD	Adopted 2026 Budget	Favorable (Unfavorable) Variance	YTD
Health Insurance	68,165	209,889	141,724	32%
Worker's Compensation Insurance-Pinnacol	7,953	20,600	12,647	39%
Total Payroll	$ 279,881	$ 702,204	$ 422,323	40%
Total Operating Expenses	$ 515,896	$ 4,140,433	$ 3,624,537	12%
Excess Revenue Over (Under) Expenses	$ 538,155	$ (222,268)	$ 760,423	

BACA GRANDE WATER AND SANITATION DISTRICT
DEBT SERVICE FUND (consolidated into General Fund)
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual
For the Month Ended June 30, 2026

	Actual YTD	Adopted 2026 Budget	Favorable (Unfavorable) Variance	YTD
REVENUE				
Property Taxes	$ 242,157	$ 308,877	$ (66,720)	78%
Interest on Property Taxes	260	1,100	(840)	24%
Specific Ownership Tax	20,770	32,000	(11,230)	65%
Interest/Miscellaneous Income	1,638	3,000	(1,362)	55%
Total Revenue	$ 264,825	$ 344,977	$ (80,152)	77%
EXPENDITURES				
GO Bond Principal	84,258	168,350	84,092	50%
GO Bond Interest	-	165,000	165,000	0%
Total Expenditures	$ 84,258	$ 333,350	$ 249,092	25%
Net Change in Fund Balance	$ 180,567	$ 11,627	$ 168,940	

Check Issue Date	Payee	Invoice Number	Invoice GL Account	Account Title	Check Amount
94087					
08/19/2026	Amazon Capital Services, INC	17Q4-TY4C-	4-500550	Meals and Lodging	44.24
08/19/2026	Amazon Capital Services, INC	17Q4-TY4C-	4-500451	Supplies	12.74
08/19/2026	Amazon Capital Services, INC	17Q4-TY4C-	4-500403	Office Supplies	65.74
08/19/2026	Amazon Capital Services, INC	1CY7-9KH6-	4-500550	Meals and Lodging	35.39
08/19/2026	Amazon Capital Services, INC	1DYF-6JTX-	4-500362	Clothing Allowance	99.96
08/19/2026	Amazon Capital Services, INC	1MG4-3PMX	4-500550	Meals and Lodging	14.99
08/19/2026	Amazon Capital Services, INC	1MG4-3PMX	4-500451	Supplies	172.92
08/19/2026	Amazon Capital Services, INC	1MG4-3PMX	4-500403	Office Supplies	91.90
08/19/2026	Amazon Capital Services, INC	1MG4-3PMX	4-503025	Repair & Maint-Office	91.34
Total 94087:					629.22
94088					
08/19/2026	Blankenship, Roan	RTB-26-08	4-500359	Mileage Reimbursement	32.27
Total 94088:					32.27
94089					
08/19/2026	CDPHE	FGD2026058	4-500250	Testing	410.00
Total 94089:					410.00
94090					
08/19/2026	CEBT	INV 0085326	4-530500	Health Insurance	14,470.91
Total 94090:					14,470.91
94091					
08/19/2026	Centratel, LLC	2608022091	4-500406	Phone Answering Service	441.83
Total 94091:					441.83
94092					
08/19/2026	CivicPlus, LLC	381247	4-500409	Software Maintenance	1,188.00
Total 94092:					1,188.00
94093					
08/19/2026	Core & Main	Z249382	4-503001	Repairs & Maint-Water Mains	4,575.73
08/19/2026	Core & Main	Z405674	4-503002	Repairs & Maint-Sewer(Gravity)	4,603.46
Total 94093:					9,179.19
94094					
08/19/2026	Crestone 780 Assets LLC	6330	4-500510	Advertising	120.00
Total 94094:					120.00
94095					
08/19/2026	Davis, Justin	JD-26-08	4-500500	Training and Education	374.00
Total 94095:					374.00
94096					
08/19/2026	DeBon, Nataliia	ND-26-08	4-505027	Office / Cell Phones	40.00

Check Issue Date	Payee	Invoice Number	Invoice GL Account	Account Title	Check Amount
Total 94096:					40.00
94097					
08/19/2026	Element Engineering	574262	4-517275	Water System Improvements Des	70.00
Total 94097:					70.00
94098					
08/19/2026	Fiscal Focus Partners	23454	1-506010	Audit	13,475.00
Total 94098:					13,475.00
94099					
08/19/2026	Freedom Mailing Services, INC	53369	4-500460	Utility Billing	453.58
08/19/2026	Freedom Mailing Services, INC	53563	4-500460	Utility Billing	582.21
Total 94099:					1,035.79
94100					
08/19/2026	Great America Financial Svcs Cor	42656822	4-500402	Copier Lease and Equipment	137.91
Total 94100:					137.91
94101					
08/19/2026	Law of the Rockies	LOR-26-07	1-506030	Legal	2,388.42
Total 94101:					2,388.42
94102					
08/19/2026	Martinez, Diego	DM-26-08	4-505027	Office / Cell Phones	40.00
Total 94102:					40.00
94103					
08/19/2026	Pinnacol Assurance	INV-2483894	4-530600	Worker's Compensation Insur	1,412.00
Total 94103:					1,412.00
94104					
08/19/2026	Pitney Bowes Global Financial Se	3323000565	4-500401	Postage	80.01
Total 94104:					80.01
94105					
08/19/2026	Plante & Moran PLLC	10726435	1-506045	Accounting	7,850.00
08/19/2026	Plante & Moran PLLC	10732905	1-506045	Accounting	2,850.00
Total 94105:					10,700.00
94106					
08/19/2026	PNC Bank National Assn	PNC-26-07	4-500500	Training and Education	415.00
08/19/2026	PNC Bank National Assn	PNC-26-07	4-500520	Memberships	30.00
08/19/2026	PNC Bank National Assn	PNC-26-07	4-505027	Office / Cell Phones	190.17
08/19/2026	PNC Bank National Assn	PNC-26-07	4-500460	Utility Billing	4.00
08/19/2026	PNC Bank National Assn	PNC-26-07	4-500401	Postage	100.00
08/19/2026	PNC Bank National Assn	PNC-26-07	4-500500	Training and Education	475.00-

Check Issue Date	Payee	Invoice Number	Invoice GL Account	Account Title	Check Amount
08/19/2026	PNC Bank National Assn	PNC-26-07	4-500500	Training and Education	241.03
08/19/2026	PNC Bank National Assn	PNC-26-07	4-500500	Training and Education	259.00
08/19/2026	PNC Bank National Assn	PNC-26-07	4-500500	Training and Education	170.00
08/19/2026	PNC Bank National Assn	PNC-26-07	4-505029	Trash and Recycling Services	170.85
08/19/2026	PNC Bank National Assn	PNC-26-07	4-505029	Trash and Recycling Services	145.13
08/19/2026	PNC Bank National Assn	PNC-26-07	4-530600	Worker's Compensation Insur	1,454.22
08/19/2026	PNC Bank National Assn	PNC-26-07	4-505027	Office / Cell Phones	329.54
Total 94106:					3,033.94
94107					
08/19/2026	Power Zone Equipment Inc	18623	4-503019	Repair & Maint-Aspen TP	1,434.60
Total 94107:					1,434.60
94108					
08/19/2026	Robinson, Shala	SR-26-07-16	4-503025	Repair & Maint-Office	50.00
08/19/2026	Robinson, Shala	SR-26-08-03	4-503025	Repair & Maint-Office	50.00
Total 94108:					100.00
94109					
08/19/2026	Saguache Crescent	SC-26-07	4-500510	Advertising	207.50
08/19/2026	Saguache Crescent	SC-26-07-31	4-500510	Advertising	45.50
Total 94109:					253.00
94110					
08/19/2026	Sangre De Cristo Lab, Inc.	25624	4-500250	Testing	84.00
Total 94110:					84.00
94111					
08/19/2026	UNCC	226071784	4-500530	Locates	1.75
Total 94111:					1.75
94112					
08/19/2026	Univar Solutions	54072394	4-503300	Chemicals Maintenance	966.63
08/19/2026	Univar Solutions	54087094	4-503300	Chemicals Maintenance	2,780.00
Total 94112:					3,746.63
94113					
08/19/2026	US Fish and Wildlife Service	USFW-26-05	4-500100	Raw Water USFSWS	1,425.00
08/19/2026	US Fish and Wildlife Service	USFW-26-8	4-500100	Raw Water USFSWS	3,150.00
Total 94113:					4,575.00
94114					
08/19/2026	USA BlueBook	INV01117747	4-503001	Repairs & Maint-Water Mains	145.90
08/19/2026	USA BlueBook	INV01117747	4-503008	Repairs & Maint-Well No. 18	719.95
08/19/2026	USA BlueBook	INV01125647	4-503310	Waste Water Treat. Chem.	797.19
Total 94114:					1,663.04

Check Issue Date	Payee	Invoice Number	Invoice GL Account	Account Title	Check Amount
94115					
08/19/2026	WSB Computer Services, Inc.	101050	4-500408	Computer Support	150.00
Total 94115:					150.00
Grand Totals:					71,266.51

Baca Grande Water And Sanitation District

District Manager Report – July, 2026

United States Fish and Wildlife Service (USFWS) – Water lease negotiations

- Short term extension complete
- Met with USFWS in Denver in 8/25
  - Next step - Determine value of the water rights through the US Appraisal and Valuation Services Office (AVSO). May take several months.
- Meeting scheduled for 2/18
  - Water appraisal due by 06/26
  - NEPA requires an Environmental Assessment which is expected to be completed by 6/26
  - Discuss short term lease extension
- Two year extension signed and complete
- Water rights valuation update

Aspen Wastewater Treatment Facility (AWWTF)

- Element is reviewing pretreatment methods to determine effectiveness, compliance and cost.
  - Met with USDA to discuss loan/grant application – Jennifer Garcia
    - Recommended applying for current FY funding by 9/31/25
- USDA Loan application submitted on 9/10/25
- USDA is still reviewing the Preliminary Engineering Report as of February
- On 4/9 USDA requested additional documentation
  - Waiting on YTD balance sheet
  - Still in process
- Draft 2025 and 2026 YTD financials were provided – application in process

Water System Improvement Project

- Update and bring MHE Well Online, add capacity to Well 17 & 18, and add a bulk water fill station
- Funding has been secured
- Electrical issues at MHE have been fixed, water will be tested the week of 5/18
  - Tests were sent to the lab in late May and early June
  - One set of samples was lost in the mail. Will have to resubmit.
- Bid Schedule
  - Advertisement – weeks of 7/6 & 7/13 - Posted
  - Plans and specs available 7/10 at 4pm
  - Pre-bid meeting onsite- 7/23
  - Last day to request interpretation of documents – 7/28
  - Last day to issues addendum – 7/31
  - Bid opening via Zoom – 8/6
  - Award bid at Board meeting - 8/19

Grants

- **State Revolving Fund (SRF)**
    - Submitted on 6/4/25
    - Approved for $750,000
- **CWRPDA**
    - Approved for $823,000
        - Of which $530,353 can be forgiven
    - Loan documents have been finalized and signed
- **DOLA EIAF 2026**
    - Application was submitted on 2/09
    - Requested $60,000 for leak detection, will require a 1:1 match
        - If awarded, funds will be used to hire specialized leak detection contractors to inspect the distribution system
        - Onsite visit on 3/12

Financial & Accounting

- Accounting transition underway
    - Staff has been working with new accounting team daily to complete the turn over process
    - Plante Moran is currently closing out 2025 financials and completing reconcilements
        - The process has been delayed by slow fulfilment of information request
    - Caselle representatives are working to reconcile the system balances to actual.
        - Once complete the District will have to approve the additional journal entry
    - Finalizing system set up and preparing for 2025 audit
- Audit begin on the week of 6/22 - costs increased by $1,500 to $13,475 + expenses, to allow for auditor to compile financial statements
    - All requests for additional information have been fulfilled
    - Researching different audit firms for future use
- Banking change 1st Bank is becoming PNC
- An account at Alamosa State Bank has been opened and the majority of funds have been transferred. Some funds remain at PNC to allow outstanding checks to clear. Final transfer will occur in August.

2027 Budget

- Budget preparation scheduled to begin next week
    - Initial draft to be presented in October and final approval in November

Engineering

- Water System Improvement Project
  - Element is finalizing the electrical design and bid package
  - CDPHE is reviewing the basis of design report, and has requested MHE Well testing information prior to permitting
    - Staff is working through electrical issues prior to running the well pump
    - Staff and engineers will respond to the request for information once sampling data has been received
  - CDPHE approved all aspects of the design, except MHE Well
    - Staff is working on a conditional approval to start the project without a water test
    - Waters tests have been submitted to lab and will be sent to CDPHE. Once tests are approved the project will be advertised for bid.

- Wastewater Treatment Plant Improvements
  - Waiting on USDA review

Leak Detection

- Funding has been approved and a contractor has been chosen
  - GPRS Inc. will be onsite for three weeks beginning 7/13
    - 8/10 Areas with leaks have been identified, waiting on contractor to pin point leaks to begin excavation and repair
- Staff is still reviewing options for leak detection.
  - Asterra – Satellite imaging used to locate water up to 10 feet underground
  - K9 – dogs trained to detect the smell of chlorine when it contacts soil

Drought Conditions

- Most of Saguache County is in an Extreme Drought Condition
  - The District in in a Severe Drought condition area
  - POA total usage is 27af - 24af at golf course and 3af in treated water irrigation. The rest of the District used 25af. Total of 50af used at golf course this season.
- As of July 9th all of Saguache County including the District is in “Extreme Drought” conditions
- As of July 30th 37% of Saguache Count is in “Exceptional Drought” conditions (considered more severe than Extreme)
- Water Conservation
  - Additional links have been added to the website
    - Colorado Division of Water Resources
    - Colorado Water Conservation Board
    - Colorado Decision Support System
    - Water Education Colorado

Baca Grande
Water And Sanitation
District

  - Water Savings Tips

Cyber Security

- WSB will be onsite to install wifi extenders and do a vulnerability assessment

Harmony Herd LLC.

- Skid-steer lease request
  - Company is leasing the stables from the POA and would like to use the skid-steer one to two times a month
  - Rate of $100 per month, lease and insurance will be in place
  - Requires Board approval

STATE OF COLORADO }
COUNTY OF SAGUACHE } ss.

DEAN I. COOMBS, being duly sworn, says that he is PUBLISHER of THE SAGUACHE CRESCENT, a weekly newspaper, published and printed in Saguache in said County and State; that said newspaper has a general circulation in said County and has been continuously and uninterruptedly published therein, during a period of at least fifty-two consecutive weeks next prior to the first publication of the annexed notice; that said newspaper is a newspaper within the meaning of the act of the General Assembly of the State of Colorado, entitled "An Act to regulate the printing of legal notices and advertisements," and amendments thereto; that the notice of which the annexed is a printed copy taken from said newspaper, was published in said newspaper, and in the regular and entire issue of every number thereof, once a week for TWO successive insertions; that said notice was so published in said newspaper proper and not in any supplement thereof, and that the first publication of said notice, as aforesaid, was on the 9TH day of JULY, A. D. 2026, and the last, on the 16TH day of JULY, A. D. 2026.

[signature], Publisher

Subscribed and sworn to before me, this 16TH day of JULY, A. D. 2026

Judith L. Page

JUDITH L. PAGE
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19964000569
MY COMMISSION EXPIRES JANUARY 24, 2028

Advertisement for Bids

SECTION 000110
BACA GRANDE WATER AND SANITATION DISTRICT
SAGUACHE COUNTY, COLORADO
WATER SYSTEM
GENERAL NOTICE

Baca Grande Water and Sanitation District (Owner) is requesting Bids for the construction of the following Project:

Water System Improvements
0098.0011

Bids for the construction of the Project will be received at the offices of Element Engineering, a Bowman Company until August 6, 2026, at [illegible] mitted via email to nick.marcott @bowman.com. At that time the Bids will be publicly opened and read via Zoom at the following link:
https:c/bowman.zoom.us/j/99513778608?pwd=SZdwbpbN6KJrk9ubrGJ5lcfx.1
Meeting ID: 995 1377 8608

By: Diego D. Martinez
Title: District Manager
Date: Week of July 6th and 13th
First Publication: July 9, 2026
Last Publication: July 16, 2026

Baca Grande Water and Sanitation District
Water System Improvements
Bid Tabulation
August 11, 2026

				Cooley and Sons Excavating, Inc.		Aslan Construction Inc.	
Acknowledgement of Addendum (1-3)				Yes		Yes	
Bid Bond				Yes		Yes	
BID SCHEDULE A - MOBILE HOME ESTATES IMPROVEMENTS				**Cooley and Sons Excavating, Inc.**		**Aslan Construction Inc.**	
Item No.	**Description and Unit Price Written in Words**	**Unit**	**Estimated Quantity**	**Unit Price**	**Total Price**	**Unit Price**	**Total Price**
1A	MOBILIZATION/DEMOBILIZATION & SITE RESTORATION	LS	1	$ 62,000.00	$ 62,000.00	$ 90,000.00	$ 90,000.00
2A	EROSION & SEDIMENT CONTROL	LS	1	$ 15,000.00	$ 15,000.00	$ 18,000.00	$ 18,000.00
3A	FURNISH AND INSTALL YARD PIPING (ALL DIAMETERS AND TYPES) AND YARD STRUCTURES	LS	1	$ 86,000.00	$ 86,000.00	$ 360,000.00	$ 360,000.00
4A	FURNISH AND INSTALL BOOSTER PUMPS	LS	1	$ 225,000.00	$ 225,000.00	$ 340,000.00	$ 340,000.00
5A	FURNISH AND INSTALL WELL PUMP	LS	1	$ 165,000.00	$ 165,000.00	$ 110,000.00	$ 110,000.00
6A	TANK REHABILITATION (WELDING, SURFACE PREP, COATING, APPURTENANCE INSTALLATION)	LS	1	$ 150,000.00	$ 150,000.00	$ 135,000.00	$ 135,000.00
7A	BUILDING RENNOVATIONS AND MODIFICATIONS (DEMOLITION, EQUIPMENT REMOVAL, CONCRETE, BUILDING MODIFICATIONS)	LS	1	$ 188,000.00	$ 188,000.00	$ 126,000.00	$ 126,000.00
8A	FURNISH AND INSTALL INTERIOR PROCESS PIPING, VALVES, AND APPURTENANCES	LS	1	$ 163,000.00	$ 163,000.00	$ 160,000.00	$ 160,000.00
9A	FURNISH AND INSTALL CHEMICAL FEED PUMPS, PIPING, APPURTENANCES, AND CHEMICAL	LS	1	$ 35,600.00	$ 35,600.00	$ 88,000.00	$ 88,000.00
10A	FURNISH AND INSTALL INTERIOR AND EXTERIOR ELECTRICAL UPGRADES	LS	1	$ 85,000.00	$ 85,000.00	$ 612,000.00	$ 612,000.00
11A	FURNISH AND INSTALL CONTROLS SYSTEM COMPLETE IN PLACE	LS	1	$ 108,893.00	$ 108,893.00	$ 108,893.00	$ 108,893.00
	TOTAL BID SCHEDULE A				**$ 1,283,493.00**		**$ 2,147,893.00**
BID SCHEDULE B - GOLF COURSE FILL STATION INSTALLATION				**Cooley and Sons Excavating, Inc.**		**Aslan Construction Inc.**	
Item No.	**Description and Unit Price Written in Words**	**Unit**	**Estimated Quantity**	**Unit Price**	**Total Price**	**Unit Price**	**Total Price**
1B	MOBILIZATION/DEMOBILIZATION & SITE RESTORATION	LS	1	$ 30,000.00	$ 30,000.00	$ 25,000.00	$ 25,000.00
2B	EROSION & SEDIMENT CONTROL	LS	1	$ 15,000.00	$ 15,000.00	$ 3,000.00	$ 3,000.00
3B	FURNISH AND INSTALL YARD PIPING (ALL DIAMETERS AND TYPES) AND YARD STRUCTURES	LS	1	$ 16,000.00	$ 16,000.00	$ 30,000.00	$ 30,000.00
4B	FURNISH AND INSTALL BULK FILL STATION	LS	1	$ 11,000.00	$ 11,000.00	$ 174,000.00	$ 174,000.00
5B	FURNISH AND INSTALL INTERIOR AND EXTERIOR ELECTRICAL UPGRADES	LS	1	$ 34,000.00	$ 34,000.00	$ 140,000.00	$ 140,000.00
	TOTAL BID SCHEDULE B				**$ 106,000.00**		**$ 372,000.00**

Baca Grande Water and Sanitation District
Water System Improvements
Bid Tabulation
August 11, 2026

BID SCHEDULE C - WELL 17 & 18 WTP IMPROVEMENTS				Cooley and Sons Excavating, Inc.		Aslan Construction Inc.	
Item No.	Description and Unit Price Written in Words	Unit	Estimated Quantity	Unit Price	Total Price	Unit Price	Total Price
1C	MOBILIZATION/DEMOBILIZATION & SITE RESTORATION	LS	1	$ 42,000.00	$ 42,000.00	$ 20,000.00	$ 20,000.00
2C	EROSION & SEDIMENT CONTROL	LS	1	$ 15,000.00	$ 15,000.00	$ 3,000.00	$ 3,000.00
3C	FURNISH AND INSTALL YARD PIPING (ALL DIAMETERS AND TYPES) AND YARD STRUCTURES	LS	1	$ 45,000.00	$ 45,000.00	$ 61,000.00	$ 61,000.00
4C	FURNISH AND INSTALL BOOSTER PUMPS	LS	1	$ 203,000.00	$ 203,000.00	$ 177,000.00	$ 177,000.00
5C	DEMOLITION & EQUIPMENT REMOVAL	LS	1	$ 38,000.00	$ 38,000.00	$ 2,000.00	$ 2,000.00
6C	FURNISH AND INSTALL INTERIOR PROCESS PIPING, VALVES, AND APPURTENANCES	LS	1	$ 64,000.00	$ 64,000.00	$ 75,000.00	$ 75,000.00
7C	FURNISH AND INSTALL INTERIOR AND EXTERIOR ELECTRICAL UPGRADES	LS	1	$ 31,500.00	$ 31,500.00	$ 300,000.00	$ 300,000.00
8C	FURNISH AND INSTALL CONTROLS SYSTEM COMPLETE IN PLACE	LS	1	$ 71,516.00	$ 71,516.00	$ 71,516.00	$ 71,516.00
	TOTAL BID SCHEDULE C				**$ 510,016.00**		**$ 709,516.00**

Summary	Cooley and Sons Excavating, Inc.	Aslan Construction Inc.
BID SCHEDULE A - MOBILE HOME ESTATES IMPROVEMENTS	$ 1,283,493.00	$ 2,147,893.00
BID SCHEDULE B - GOLF COURSE FILL STATION INSTALLATION	$ 106,000.00	$ 372,000.00
BID SCHEDULE C - WELL 17 & 18 WTP IMPROVEMENTS	$ 510,016.00	$ 709,516.00
TOTAL BID with SCHEDULES A, B, and C	**$ 1,899,509.00**	**$ 3,229,409.00**

SECTION 005100

NOTICE OF AWARD

Date of Issuance:			
Owner:	Baca Grande Water and Sanitation District	Owner's Project No.:	N/A
Engineer:	Element Engineering, a Bowman Company	Engineer's Project No.:	0098.0011
Project:	Water System Improvements		
Contract Name:	See Project Name		
Bidder:	Cooley and Sons Excavating, Inc.		
Bidder's Address:	4469 N. C.R. 108 Mosca, CO 81146		

You are notified that Owner has accepted your Bid dated **August 11, 2026** for the above Contract, and that you are the Successful Bidder and are awarded a Contract for:

Rehabilitation of a groundwater water treatment plant including booster pump replacement, well pump replacement, tank rehabilitation, electrical and controls upgrades, yard piping, yard structures, erosion control, and surface rehabilitation, and additional ground water treatment plant booster pump replacement.

The fill station scope detailed in Bid Schedule B of the Bid Form has been removed from the project scope.

The Contract Price of the awarded Contract is $**1,793,509.00**. Contract Price is subject to adjustment based on the provisions of the Contract, including but not limited to those governing changes, Unit Price Work, and Work performed on a cost-plus-fee basis, as applicable.

Four (4) unexecuted counterparts of the Agreement accompany this Notice of Award, and one copy of the Contract Documents accompanies this Notice of Award, or has been transmitted or made available to Bidder electronically.

☒ Drawings will be delivered separately from the other Contract Documents.

You must comply with the following conditions precedent within 15 days of the date of receipt of this Notice of Award:

1. Deliver to Owner **Four (4)** counterparts of the Agreement, signed by Bidder (as Contractor).
2. Deliver with the signed Agreement(s) the Contract security (such as required performance and payment bonds) and insurance documentation, as specified in the Instructions to Bidders and in the General Conditions, Articles 2 and 6.
3. Other conditions precedent (if any):

Failure to comply with these conditions within the time specified will entitle Owner to consider you in default, annul this Notice of Award, and declare your Bid security forfeited.

Within 10 days after you comply with the above conditions, Owner will return to you one fully signed counterpart of the Agreement, together with any additional copies of the Contract Documents as indicated in Paragraph 2.02 of the General Conditions.

Owner:	**Baca Grande Water and Sanitation District**
By *(signature)*:	______________________________
Name *(printed)*:	______________________________
Title:	______________________________

Copy: Engineer

SECTION 005213

AGREEMENT BETWEEN OWNER AND CONTRACTOR FOR CONSTRUCTION CONTRACT (STIPULATED PRICE)

This Agreement is by and between **Baca Grande Water and Sanitation District** ("Owner") and **[Cooley and Sons Excavating, Inc.]** ("Contractor").

Terms used in this Agreement have the meanings stated in the General Conditions and the Supplementary Conditions.

Owner and Contractor hereby agree as follows:

ARTICLE 1—WORK

1.01 Contractor shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows: **Rehabilitation of a groundwater water treatment plant including booster pump replacement, well pump replacement, tank rehabilitation, electrical and controls upgrades, yard piping, yard structures, erosion control, and surface rehabilitation, and additional ground water treatment plant booster pump replacement.**

The fill station scope detailed in Bid Schedule B of the Bid Form has been removed from the project scope.

ARTICLE 2—THE PROJECT

2.01 The Project, of which the Work under the Contract Documents is a part, is generally described as follows: **Water System Improvements.**

ARTICLE 3—ENGINEER

3.01 The Owner has retained **Element Engineering, a Bowman Company** ("Engineer") to act as Owner's representative, assume all duties and responsibilities of Engineer, and have the rights and authority assigned to Engineer in the Contract.

3.02 The part of the Project that pertains to the Work has been designed by **Element Engineering, a Bowman Company.**

ARTICLE 4—CONTRACT TIMES

4.01 *Time is of the Essence*

A. All time limits for Milestones, if any, Substantial Completion, and completion and readiness for final payment as stated in the Contract Documents are of the essence of the Contract.

4.03 *Contract Times: Days*

A. The Work will be substantially complete within **335** days after the date when the Contract Times commence to run as provided in Paragraph 4.01 of the General Conditions, and completed and ready for final payment in accordance with Paragraph 15.06 of the General Conditions within **365** days after the date when the Contract Times commence to run.

4.05 *Liquidated Damages*

A. Contractor and Owner recognize that time is of the essence as stated in Paragraph 4.01 above and that Owner will suffer financial and other losses if the Work is not completed and not achieved within the Contract Times, as duly modified. The parties also recognize the delays, expense, and difficulties involved in proving, in a legal or arbitration proceeding, the actual loss suffered by Owner if the Work is not completed on time. Accordingly, instead of requiring any such proof, Owner and Contractor agree that as liquidated damages for delay (but not as a penalty):

1. *Substantial Completion:* Contractor shall pay Owner **$1,600** for each day that expires after the time (as duly adjusted pursuant to the Contract) specified above for Substantial Completion, until he Work is substantially complete.

2. *Completion of Remaining Work:* After Substantial Completion, if Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Times (as duly adjusted pursuant to the Contract) for completion and readiness for final payment, Contractor shall pay Owner **$1,600** for each day that expires after such time until the Work is completed and ready for final payment.

4. Liquidated damages for failing to timely attain Substantial Completion and final completion are not additive and will not be imposed concurrently.

B. If Owner recovers liquidated damages for a delay in completion by Contractor, then such liquidated damages are Owner's sole and exclusive remedy for such delay, and Owner is precluded from recovering any other damages, whether actual, direct, excess, or consequential, for such delay, except for special damages (if any) specified in this Agreement.

ARTICLE 5—CONTRACT PRICE

5.01 Owner shall pay Contractor for completion of the Work in accordance with the Contract Documents, the amounts that follow, subject to adjustment under the Contract:

A. For all Lump Sum (including all specific cash allowances in accordance with Paragraph 13.02 of the General Conditions), and Unit Price Work, an amount equal to the sum of the extended prices (established for each separately identified item of Unit Price Work by multiplying the unit price times the actual quantity of that item).

				Cooley and Sons Excavating, Inc.	
Acknowledgement of Addendum (1-3)				Yes	
Bid Bond				Yes	
BID SCHEDULE A - MOBILE HOME ESTATES IMPROVEMENTS				**Cooley and Sons Excavating, Inc.**	
Item No.	**Description and Unit Price Written in Words**	**Unit**	**Estimated Quantity**	**Unit Price**	**Total Price**
1A	MOBILIZATION/DEMOBILIZATION & SITE RESTORATION	LS	1	$ 62,000.00	$ 62,000.00
2A	EROSION & SEDIMENT CONTROL	LS	1	$ 15,000.00	$ 15,000.00
3A	FURNISH AND INSTALL YARD PIPING (ALL DIAMETERS AND TYPES) AND YARD STRUCTURES	LS	1	$ 86,000.00	$ 86,000.00
4A	FURNISH AND INSTALL BOOSTER PUMPS	LS	1	$ 225,000.00	$ 225,000.00
5A	FURNISH AND INSTALL WELL PUMP	LS	1	$ 165,000.00	$ 165,000.00
6A	TANK REHABILITATION (WELDING, SURFACE PREP, COATING, APPURTENANCE INSTALLATION)	LS	1	$ 150,000.00	$ 150,000.00
7A	BUILDING RENNOVATIONS AND MODIFICATIONS (DEMOLITION, EQUIPMENT REMOVAL, CONCRETE, BUILDING MODIFICATIONS)	LS	1	$ 188,000.00	$ 188,000.00
8A	FURNISH AND INSTALL INTERIOR PROCESS PIPING, VALVES, AND APPURTENANCES	LS	1	$ 163,000.00	$ 163,000.00
9A	FURNISH AND INSTALL CHEMICAL FEED PUMPS, PIPING, APPURTENANCES, AND CHEMICAL	LS	1	$ 35,600.00	$ 35,600.00
10A	FURNISH AND INSTALL INTERIOR AND EXTERIOR ELECTRICAL UPGRADES	LS	1	$ 85,000.00	$ 85,000.00
11A	FURNISH AND INSTALL CONTROLS SYSTEM COMPLETE IN PLACE	LS	1	$ 108,893.00	$ 108,893.00
	TOTAL BID SCHEDULE A				**$ 1,283,493.00**
BID SCHEDULE B - GOLF COURSE FILL STATION INSTALLATION				**Cooley and Sons Excavating, Inc.**	
Item No.	**Description and Unit Price Written in Words**	**Unit**	**Estimated Quantity**	**Unit Price**	**Total Price**
1B	MOBILIZATION/DEMOBILIZATION & SITE RESTORATION	LS	1	$ 30,000.00	$ 30,000.00
2B	EROSION & SEDIMENT CONTROL	LS	1	$ 15,000.00	$ 15,000.00
3B	FURNISH AND INSTALL YARD PIPING (ALL DIAMETERS AND TYPES) AND YARD STRUCTURES	LS	1	$ 16,000.00	$ 16,000.00
4B	FURNISH AND INSTALL BULK FILL STATION	LS	1	$ 11,000.00	$ 11,000.00
5B	FURNISH AND INSTALL INTERIOR AND EXTERIOR ELECTRICAL UPGRADES	LS	1	$ 34,000.00	$ 34,000.00
	TOTAL BID SCHEDULE B				**$ 106,000.00**
BID SCHEDULE C - WELL 17 & 18 WTP IMPROVEMENTS				**Cooley and Sons Excavating, Inc.**	
Item No.	**Description and Unit Price Written in Words**	**Unit**	**Estimated Quantity**	**Unit Price**	**Total Price**
1C	MOBILIZATION/DEMOBILIZATION & SITE RESTORATION	LS	1	$ 42,000.00	$ 42,000.00
2C	EROSION & SEDIMENT CONTROL	LS	1	$ 15,000.00	$ 15,000.00
3C	FURNISH AND INSTALL YARD PIPING (ALL DIAMETERS AND TYPES) AND YARD STRUCTURES	LS	1	$ 45,000.00	$ 45,000.00
4C	FURNISH AND INSTALL BOOSTER PUMPS	LS	1	$ 203,000.00	$ 203,000.00
5C	DEMOLITION & EQUIPMENT REMOVAL	LS	1	$ 38,000.00	$ 38,000.00
6C	FURNISH AND INSTALL INTERIOR PROCESS PIPING, VALVES, AND APPURTENANCES	LS	1	$ 64,000.00	$ 64,000.00
7C	FURNISH AND INSTALL INTERIOR AND EXTERIOR ELECTRICAL UPGRADES	LS	1	$ 31,500.00	$ 31,500.00
8C	FURNISH AND INSTALL CONTROLS SYSTEM COMPLETE IN PLACE	LS	1	$ 71,516.00	$ 71,516.00
	TOTAL BID SCHEDULE C				**$ 510,016.00**
Summary				**Cooley and Sons Excavating, Inc.**	
BID SCHEDULE A - MOBILE HOME ESTATES IMPROVEMENTS				$	1,283,493.00
BID SCHEDULE B - GOLF COURSE FILL STATION INSTALLATION				$	106,000.00
BID SCHEDULE C - WELL 17 & 18 WTP IMPROVEMENTS				$	510,016.00
TOTAL BID with SCHEDULES A, B, and C				**$**	**1,899,509.00**
TOTAL BID with SCHEDULES A, and C				**$**	**1,793,509.00**

The extended prices for Unit Price Work set forth as of the Effective Date of the Contract are based on estimated quantities. As provided in Paragraph 13.03 of the General Conditions, estimated quantities are not guaranteed, and determinations of actual quantities and classifications are to be made by Engineer.

B. Total of Lump Sum Amount and Unit Price Work (subject to final Unit Price adjustment) $**[1,793,509.00]**. **Note that Bid Schedule B is not in the awarded Project scope.**

C. For all Work, at the prices stated in Contractor's Bid, attached hereto as an exhibit.

ARTICLE 6—PAYMENT PROCEDURES

6.01 *Submittal and Processing of Payments*

A. Contractor shall submit Applications for Payment in accordance with Article 15 of the General Conditions. Applications for Payment will be processed by Engineer as provided in the General Conditions.

6.02 *Progress Payments; Retainage*

A. Owner shall make progress payments on the basis of Contractor's Applications for Payment on or about the **last day** of each month during performance of the Work as provided in Paragraph 6.02.A.1 below, provided that such Applications for Payment have been submitted in a timely manner and otherwise meet the requirements of the Contract. All such payments will be measured by the Schedule of Values established as provided in the General Conditions (and in the case of Unit Price Work based on the number of units completed) or, in the event there is no Schedule of Values, as provided elsewhere in the Contract.

1. Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as Owner may withhold, including but not limited to liquidated damages, in accordance with the Contract.

   a. **95** percent of the value of the Work completed (with the balance being retainage).

   b. **95** percent of cost of materials and equipment not incorporated in the Work (with the balance being retainage).

B. Upon Substantial Completion **of the entire construction to be provided under the construction Contract Documents**, Owner shall pay an amount sufficient to increase total payments to Contractor to **100** percent of the Work completed, less such amounts set off by Owner pursuant to Paragraph 15.01.E of the General Conditions, and less **100** percent of Engineer's estimate of the value of Work to be completed or corrected as shown on the punch list of items to be completed or corrected prior to final payment.

6.03 *Final Payment*

A. Upon final completion and acceptance of the Work, Owner shall pay the remainder of the Contract Price in accordance with Paragraph 15.06 of the General Conditions.

6.04 *Consent of Surety*

A. Owner will not make final payment, or return or release retainage at Substantial Completion or any other time, unless Contractor submits written consent of the surety to such payment, return, or release.

6.05 *Interest*

A. All amounts not paid when due will bear interest at the rate of **two (2)** percent per annum.

ARTICLE 7—CONTRACT DOCUMENTS

7.01 *Contents*

A. The Contract Documents consist of all of the following:

1. This Agreement.

2. Bonds:

a. Performance bond (together with power of attorney).

b. Payment bond (together with power of attorney).

3. General Conditions.

4. Supplementary Conditions.

5. Specifications as listed in the table of contents of the project manual.

6. Drawings (not attached but incorporated by reference) consisting of **36** sheets with each sheet bearing the following general title: **Construction Plans, Baca Grande Water and Sanitation District Water System Improvements**

8. Addenda (numbers **[1]** to **[3]**, inclusive).

9. Exhibits to this Agreement (enumerated as follows):

a. Colorado Department of Health and Environment (CDPHE) State Revolving Fund (SRF) Contract Document Riders.

d. Davis Bacon Wage Rate Determination

10. The following which may be delivered or issued on or after the Effective Date of the Contract and are not attached hereto:

a. Notice to Proceed.

b. Work Change Directives.

c. Change Orders.

d. Field Orders.

e. Warranty Bond, if any.

B. The Contract Documents listed in Paragraph 7.01.A are attached to this Agreement (except as expressly noted otherwise above).

C. There are no Contract Documents other than those listed above in this Article 7.

D. The Contract Documents may only be amended, modified, or supplemented as provided in the Contract.

ARTICLE 8—REPRESENTATIONS, CERTIFICATIONS, AND STIPULATIONS

8.01 *Contractor's Representations*

A. In order to induce Owner to enter into this Contract, Contractor makes the following representations:

1. Contractor has examined and carefully studied the Contract Documents, including Addenda.

2. Contractor has visited the Site, conducted a thorough visual examination of the Site and adjacent areas, and become familiar with the general, local, and Site conditions that may affect cost, progress, and performance of the Work.

3. Contractor is familiar with all Laws and Regulations that may affect cost, progress, and performance of the Work.

4. Contractor has carefully studied the reports of explorations and tests of subsurface conditions at or adjacent to the Site and the drawings of physical conditions relating to existing surface or subsurface structures at the Site that have been identified in the Supplementary Conditions, with respect to the Technical Data in such reports and drawings.

5. Contractor has carefully studied the reports and drawings relating to Hazardous Environmental Conditions, if any, at or adjacent to the Site that have been identified in the Supplementary Conditions, with respect to Technical Data in such reports and drawings.

6. Contractor has considered the information known to Contractor itself; information commonly known to contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Contract Documents; and the Technical Data identified in the Supplementary Conditions or by definition, with respect to the effect of such information, observations, and Technical Data on (a) the cost, progress, and performance of the Work; (b) the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor; and (c) Contractor's safety precautions and programs.

7. Based on the information and observations referred to in the preceding paragraph, Contractor agrees that no further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract.

8. Contractor is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Contract Documents.

9. Contractor has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract Documents, and of discrepancies between Site conditions and the Contract Documents, and the written resolution thereof by Engineer is acceptable to Contractor.

10. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

11. Contractor's entry into this Contract constitutes an incontrovertible representation by Contractor that without exception all prices in the Agreement are premised upon performing and furnishing the Work required by the Contract Documents.

8.02 *Contractor's Certifications*

A. Contractor certifies that it has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for or in executing the Contract. For the purposes of this Paragraph 8.02:

1. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value likely to influence the action of a public official in the bidding process or in the Contract execution;
2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process or the execution of the Contract to the detriment of Owner, (b) to establish Bid or Contract prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;
3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish Bid prices at artificial, non-competitive levels; and
4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.

IN WITNESS WHEREOF, Owner and Contractor have signed this Agreement.

This Agreement will be effective on **[indicate date on which Contract becomes effective]** (which is the Effective Date of the Contract).

Owner:

Baca Grande Water and Sanitation District

(typed or printed name of organization)

By: ____________________

(individual's signature)

Date: ____________________

(date signed)

Name: ____________________

(typed or printed)

Title: ____________________

(typed or printed)

Attest: ____________________

(individual's signature)

Title: ____________________

(typed or printed)

Address for giving notices:

7245 W. Alaska Drive, Suite 210

Lakewood, CO 80226

Designated Representative:

Name: Nicholaus P. Marcotte, P.E.

(typed or printed)

Title: District Engineer

(typed or printed)

Address:

Phone: 303.378.2969

Email: nick.marcotte@bowman.com

(If Entity is a corporation, attach evidence of authority to sign. If Entity is a public body, attach evidence of authority to sign and resolution or other documents authorizing execution of this Agreement.)

Contractor:

____

(typed or printed name of organization)

By: ____________________

(individual's signature)

Date: ____________________

(date signed)

Name: ____________________

(typed or printed)

Title: ____________________

(typed or printed)

(If ***[Type of Entity]*** *is a corporation, a partnership, or a joint venture, attach evidence of authority to sign.)*

Attest: ____________________

(individual's signature)

Title: ____________________

(typed or printed)

Address for giving notices:

Designated Representative:

Name: ____________________

(typed or printed)

Title: ____________________

(typed or printed)

Address:

Phone: ____________________

Email: ____________________

License No.: ____________________

(where applicable)

State: ____________________

SECTION 005500

NOTICE TO PROCEED

Owner:	Baca Grande Water and Sanitation District	Owner's Project No.:	N/A
Engineer:	Element Engineering, a Bowman Company	Engineer's Project No.:	0098.0011
Contractor:	Cooley and Sons Excavating, Inc.	Contractor's Project No.:	
Project:	Water System Improvements Project		
Contract Name:	See Project Name		
Effective Date of Contract:			

Owner hereby notifies Contractor that the Contract Times under the above Contract will commence to run on **[date Contract Times are to start]** pursuant to Paragraph 4.01 of the General Conditions.

On that date, Contractor shall start performing its obligations under the Contract Documents. No Work will be done at the Site prior to such date.

In accordance with the Agreement:

> The number of days to achieve Substantial Completion is **335 CALENDAR DAYS** from the date stated above for the commencement of the Contract Times, resulting in a date for Substantial Completion of **[date, calculated from commencement date above]**; and the number of days to achieve readiness for final payment is **365 CALENDAR DAYS** from the commencement date of the Contract Times, resulting in a date for readiness for final payment of **[date, calculated from commencement date above]**.

Before starting any Work at the Site, Contractor must comply with the following: None

Owner:	**Baca Grande Water and Sanitation District**
By *(signature)*:	
Name *(printed)*:	
Title:	
Date Issued:	

Copy: Engineer

ELEMENT
a Bowman company

August 13, 2026

Mr. Diego Martinez
Baca Grande Water and Sanitation District
P.O. Box 520
Crestone, CO 81131

RE: Proposal for Professional Engineering Services
Water System Improvements Construction Management

Dear Mr. Martinez,

Element Engineering a Bowman Company (Element) is pleased to provide this proposal for construction management for the Water System Improvements Project. This letter details our proposed scope of services, deliverables, schedule, and fees.

PROPOSAL ASSUMPTIONS AND PROJECT UNDERSTANDING

Element understands that the Baca Grande Water and Sanitation District (District) will retain Cooley and Sons Excavating, Inc. to construct the Water System Improvements Project as designed by Element Engineering and that engineering construction services are necessary. Desired construction services include onsite inspections, observer's daily reports (ODRS), attending and participating in weekly progress meetings, submittal review, pay application review, request for information (RFI) responses, change order review, startup and commissioning oversite, and project closeout assistance.

SCOPE OF SERVICES:

The following Scope of Services is proposed:

- Attend and participate in weekly progress meetings. It is assumed that weekly progress meetings are held virtually.
- Review and coordinate submittals.
- Review pay applications, RFIs, change orders, and coordinate with the contractor and owner.
- Complete onsite inspections as necessary. This proposal assumes one (1) consecutive day onsite per week (4-days per month) including travel time, meals, and lodging. It is assumed construction will take 12 months to complete.
- Compile inspection reports for all onsite inspections.

- Attend coordination meetings onsite as necessary, including important milestones such as pre-commissioning inspection, commissioning, and startup and training.

- Complete construction closeout services including initial inspection, punch list generation, final inspection, recommendation for final payment, and CDPHE as-constructed documentation.

- Track Build America Buy America Act (BABA) submittals and Davis Bacon Wage Determination requirements.

FEES

The proposed time and materials fee shall not exceed $160,530 billed at our attached hourly rates.

EXCLUSIONS

The following services are specifically excluded from the scope of this agreement and may be performed as contract addendums upon request:

- Full time construction observation;
- Geotechnical or other testing delegated to the contractor;
- Other items not specifically listed in the scope of services

OTHER TERMS

This proposal is based on the scope of services indicated herein and the information available at the time of the proposal preparation. If any additional services are required due to unforeseen circumstances and/or conditions, Client or regulatory requested revisions, additional meetings, regulatory changes, etc., Element will notify the Client that additional scope of work and fees are required and will obtain the Client's written approval prior to proceeding with any additional work.

Element's Standard Terms and Conditions and Hourly Rate Schedule are attached hereto and incorporated into this Proposal by reference.

Please indicate your acceptance of this proposal by executing below and returning a PDF copy to this office. We appreciate the opportunity to provide this proposal. If you have any questions, please contact me by phone at 303.378.2969 or by email at Nick Marcotte Nick.Marcotte@bowman.com

Sincerely,

ELEMENT ENGINEERING

Nicholaus P. Marcotte, P.E.
Director of Water and Wastewater

Baca Grande Water and Sanitation District hereby accepts all terms and conditions of this Proposal (including the Standard Terms and Conditions) and authorizes Element to proceed with the Project, and the undersigned represents that he or she is authorized by the Baca Grande Water and Sanitation District to so execute this Proposal.

Baca Grande Water and Sanitation District

By: ____
(Signature)

Printed Name: ___________________________________

Title: ____ Date: __________________________

BOWMAN CONSULTING GROUP LTD.

SCHEDULE B - HOURLY RATE

January 2026

CLASSIFICATION	HOURLY RATES
Department Executive	$195.00/HR
Senior Project Manager	$180.00/HR
Project Manager	$180.00/HR
Engineer I	$160.00/HR
Engineer II	$170.00/HR
Engineer III	$170.00/HR
CADD Drafter I	$100.00/HR
CADD Drafter II	$120.00/HR
CADD Drafter III	$150.00/HR
Construction Manager	$170.00/HR
Construction Inspector	$120.00/HR
Administrative Professional	$ 65.00/HR
Field Crew- 1 Man	$155.00/HR
Field Crew- 2 Man	$200.00/HR
Environmental Project Manager	$220.00/HR
3D Modeling Technician	$170.00/HR
Senior Advisor	$280.00/HR
Team Leader	$270.00/HR
Remote Sensing Technician I	$110.00/HR
Remote Sensing Technician II	$130.00/HR
Remote Sensing Technician III	$195.00/HR
Principal	$300.00/HR
Designer I	$140.00/HR
Designer II	$150.00/HR
Designer III	$170.00/HR

Initials: Bowman / Client

TERMS AND CONDITIONS

These Terms and Conditions are incorporated by reference into the Proposal and its exhibits (the "Proposal") from Element a Bowman Consulting Group Company, Ltd. ("Element") to BACA GRANDE WATER AND SANITATION DISTRICT ("Client") for performance of services described in the Proposal and associated with the project described in the Proposal (the "Project"), and in any subsequent approved Change Order related to the Project. These Terms and Conditions, the accepted Proposal, and any Change Orders or other amendments thereto, shall constitute a final, complete, and binding agreement (the "Agreement") between Element and Client, and supersede any previous agreement or understanding.

1. Scope of Services. Element will provide the services expressly described in and limited by the Proposal (the "Scope"). If in Element's professional judgment the Scope must be expanded or revised, Element will forward a change order agreement to Client that describes the revision to the Scope (the "Change Order") and the adjusted fee associated therewith.

2. Standard of Care. The standard of care for all services performed by Element for Client shall be the care and skill ordinarily used by members of the applicable profession practicing under similar circumstances at the same time and locality of the Project. Client shall not rely upon the correctness or completeness of any design or document prepared by Element unless such design or document has been properly signed and sealed by a licensed professional on behalf of Element.

3. Payment Terms. Element will invoice Client monthly based on actual hours spent for hourly tasks and the hourly rate schedule provided in the Agreement. Invoices are due and payable in full upon receipt without offset of any kind or for any reason. Element shall have the discretion to apply payments made by Client to an invoice or retainer account of Client in accordance with its business practices. Client agrees to pay a finance charge of one and one-half percent (1.5%) per month from the invoice date on any unpaid balance not received by Element within thirty (30) days of the invoice date. Payment of invoices is subject to the following further terms and conditions:

(a) If any invoice is not paid in full within forty-five (45) days of the invoice date, and Client has not timely and in good faith disputed the invoice as provided below, Element shall have the right at its election by giving notice to Client to either: (i) suspend the performance of further services under this Agreement and, at its sole discretion, suspend the performance of further services on other projects which are being performed by Element on behalf of Client or any related Client entities, until all invoices are paid in full and Element has received a retainer in such amount as Element deems appropriate to be held as described below; or (ii) deem Client to be in material breach of this Agreement and proceed pursuant to Section 17 below. Client agrees to pay any and all charges, costs or fees incurred in collection of unpaid invoices, including reasonable attorneys' fees and costs. Following Element's election above, Element shall bear no liability to Client or any other person or entity for any loss, liability or damage resulting from any resulting delay, and any schedule for the performance of services hereunder prepared previously shall be deemed void with any future schedule for the performance of services requiring the approval of both Client and Element.

(b) If Client disputes any submitted invoice, Client shall give written notice to Element within thirty (30) days of the invoice date detailing the dispute. If no written notice of a dispute is provided to Element within that time period, the invoice shall then be conclusively deemed good and correct. If part of an invoice is disputed, Client shall remain liable to timely pay the undisputed portion of the invoice in accordance with the terms of this Agreement. Client and Element shall promptly negotiate in good faith to resolve any disputed portion of an invoice.

4. **Retainer and Other Payments.** Element reserves the right to require that Client make a payment to be held by Element as an advance against future billings (the "Retainer"). The Retainer is not intended as the regular source of payment for invoices issued to Client under this Agreement or otherwise, and the parties intend that the Retainer be applied to the final invoice for the services described in the Agreement, or against any other unpaid amounts owed to Element should Client (or any affiliate of Client) fail to timely pay invoices due Element. The Retainer account may consist in part of payments applied by Element pursuant to the authority granted it under Paragraph 3 above. If the Retainer is applied during the course of the Agreement, Client agrees to promptly replenish the Retainer upon request of Element. Upon the conclusion of this Agreement, or its earlier termination, Element shall (a) apply the Retainer to any unpaid amount owed Element by Client (or its affiliates), and (b) return any unapplied portion to Client. The Retainer shall not be required to be held in a separate account nor shall it bear interest, and the Retainer may include other amounts paid to Element by Client with respect to the Project or other projects.

5. **Client Duties and Responsibilities.** Client shall inform Element of any special criteria or requirements related to the Project or Scope, and shall timely and at its cost furnish any and all information in its possession relating to the Project, including reports, plans, drawings, surveys, deeds, topographical information and/or title reports. Element shall bear no responsibility for errors, omissions, inaccuracy or incompleteness in third-party information or additional costs arising out of its reliance upon such third-party information supplied by Client. Client warrants and represents that: (a) Client has obtained the full and unconditioned prior written consent from any third-party for Element to use such third-party information; (b) such consent shall be provided to Element upon request; and (c) such consent shall be in a form that, in Element's reasonable discretion, does not violate any applicable law, regulation, or code of ethics. If the Scope requires a current title report, Client shall timely and at its cost provide such title report to Element. If the Scope includes preparation of plats to be recorded in the land records of the Project jurisdiction, Client shall timely prepare, submit, and record necessary deeds and pay all recording fees associated with deeds and plats. All off-site easements are the responsibility of Client. Client shall indemnify and hold harmless Element from and against any and all claims, demands, losses, costs, and liabilities, including without limitation reasonable attorney fees and expenses incurred by Element and arising out of (a) Client's breach of this Agreement or (b) an action by Client or a third-party with respect to any matter not included in the Scope or that is excluded from the responsibility of Element pursuant to this Agreement.

6. **Insurance.** Element and its employees are protected by workman's compensation, commercial general liability, automobile liability, and professional liability insurance policies. Upon request of Client, Element shall provide a certificate of insurance to Client evidencing such coverage and shall attempt to include Client as an additional insured on those coverages that permit additional insured status. Client acknowledges it has been offered the opportunity to review the current limits of such coverage and finds them satisfactory, and further agrees that in no event shall Element's liability to Client or any party claiming through Client be greater than the limits of such insurance. From time to time Element may, without notice to Client, amend the carriers, conditions, exclusions, deductibles or limits of any such insurance; provided that prior to any decrease in any insurance limit becoming effective Element shall give notice thereof to Client.

7. **Potential Liability of Element.** The following provisions shall operate with respect to any potential liability of Element arising under the Agreement:

(a) Deleted

(b) Notwithstanding any other provision of this Agreement, the total liability, in the aggregate, of Element and Element's officers, directors, partners, employees, agents, and consultants to Client and anyone claiming through Client, shall not in any manner whatsoever exceed the direct losses incurred by Client (to the extent of and in proportion to Element's comparative degree of fault) that resulted from the error, omission or negligent act of Element in the performance of services under this Agreement.

(c) To the fullest extent permitted by law, Element and Element's officers, directors, partners, employees, agents, and sub-consultants shall not be liable to Client or anyone claiming through Client for any special, incidental, indirect, or consequential damages whatsoever arising out of, resulting from, or in any way related to the Project or this Agreement, regardless of whether such damages are alleged to be caused by the negligence, professional errors or omissions, strict liability, breach of contract, or breach of express or implied warranty.

(d) Client agrees that Element's shareholders, principals, partners, members, agents, directors, officers and/or employees shall have no personal liability whatsoever arising out of or in connection with this Agreement or the performance of services hereunder.

8. Certificate of Merit. Deleted

9. Conflict Resolution and Applicable Law. For any other dispute, controversy or claim arising out of or relating to this Agreement, or the breach thereof, the parties agree to first submit such dispute, controversy or claim to non-binding mediation, with each party to bear its own costs of such mediation and to equally share the costs of any mediator. If such mediation does not successfully resolve all issues, then the parties agree that the state and federal courts located in Colorado shall have jurisdiction and venue over such dispute. This Agreement shall be governed and interpreted in accordance with the laws of the state in which the Project is located, without giving effect to conflicts of laws principles thereof.

10. Ownership of Documents and Other Rights of Element.

(a) All reports, plans, specifications, computer files, field data, notes, and other documents and instruments prepared by Element as instruments of service ("Work Product") shall remain the property of Element up until such time as all monies due to Element have been paid in full, at which time (i) Client may take possession of the Work Product, and (ii) Element shall be deemed to have granted Client a fully paid, non-exclusive license to use the same solely for the Project. Subject to such license Element shall retain all common law, statutory, and other reserved rights, including the copyright to all Work Product. If Client or a party acting on Client's behalf modifies any part of the Work Product or reuses them on a different project, Client agrees to indemnify and hold Element harmless from any claim, liability or cost (including reasonable attorneys' fees and defense costs) arising therefrom. Client acknowledges that if Element provides Client with Work Product in an electronic or digital format ("Electronic Data"), Client is responsible for cross checking the Electronic Data with the applicable paper document for full conformance and consistency between such paper document and the Electronic Data.

(b) Element reserves the right to include photographs and descriptions of the Project in its promotional, marketing, and professional materials. Client grants its consent to Element for Element to install reasonable signage at the Project equivalent to that which is or could be installed by other vendors to the Project.

11. Modification. From time to time Element may either in writing or by electronic mail submit a Change Order to Client and Client shall be deemed to have approved such Change Order if: (a) Client signs the Change Order; (b) Client signifies its consent to the Change Order by electronic mail; or (c) a representative of Client with actual or apparent authority to approve the Change Order orally approves it and Element subsequently confirms such approval in writing or by email and begins work associated therewith without receiving written or electronic mail objection thereto. Except for Change Orders authorized by Client as provided immediately above, this Agreement may be amended, modified, or supplemented only in writing signed by all parties hereto. Any signature required or permitted hereunder may be either by hand or by electronic signature.

12. Exclusions from Scope. By way of illustration and not limitation, unless specifically included in the Scope, Element has no obligation or responsibility for: (a) favorable or timely comment or action by any governmental entity; (b) taking into account off-site conditions or circumstances that are not clearly visible or reasonably ascertainable by the performance of on-site services; (c) the accurate location or characteristics of any subsurface utility or feature that is not clearly and entirely visible from the surface; or (d) structural design (including, but not limited, to structural design of retaining wall(s) or of special drainage structure(s)).

13. Limits of Scope.

(a) Early Bid Documents. Client agrees that if it requests submission of Work Product documents to contractors for bid purposes either prior to full completion thereof by Element or prior to final governmental approval, the potential exists for additional design and construction costs arising from required subsequent revisions and additions to Element design documents so as to conform to those of other design disciplines and/or governmental agencies, and any such costs shall be Client's responsibility.

(b) Estimates. Any cost, timing or quantity estimates provided as a part of the Scope are estimates only and reflect Element's judgment as a design professional familiar with the construction industry, but expressly do not represent a guarantee of quantities or construction costs. Client agrees that Element has no control over contractors as to cost, timing, or quantity matters, and further agrees that if Client desires greater accuracy as to construction costs it should engage an independent cost estimator.

(c) Construction Means and Methods. Client agrees that Element does not control and is not responsible for construction means, methods, techniques, sequences, or procedures, or for any safety precautions in connection with the Project or for the acts or omissions of any contractor, subcontractor, or any other person or entity performing work for the Project.

(d) Shop Drawing Review. If specifically included in the Scope, Element shall review and check the contractor's shop drawings, product data, and samples, but only for the limited purpose of checking for general conformance with the intent of such contract documents. Client acknowledges that such review is not for the purpose of determining or substantiating the accuracy and completeness of other details, such as dimensions or quantities, or for substantiating instructions for installation or performance of equipment or systems designed by the contractor. Element's review shall not constitute approval of safety precautions, construction means, methods, techniques, schedules, sequences or procedures, or of structural features.

(e) Plan and Permit Processing. If the Scope includes preparation of plans and/or plats for review and approval by public agencies, submission and processing of such plans and plats in a manner consistent with a normal course of business is included within the Scope. If Client requests Element to either expedite the plan review process by attending meetings, hand carrying plans and documents from agency to agency, or performing similar services, or to prepare and process permit applications of any type, then, unless specifically included in the Scope, those services will be performed by Element as hourly rate services under Section 14 below.

(f) Building Plan Coordination. If the Scope includes preparation of site plans, site grading plans, subdivision plans, or similar plans that involve coordination with building plans (including architectural, mechanical, structural, or plumbing plans) to be prepared by others, Client shall provide such building plans to Element by such date and in such state as Element reasonably deems necessary to timely perform its services. If Client fails to so provide building plans to Element, Element may make reasonable assumptions regarding building characteristics in order to timely perform its services and any later revisions to Element plans required to properly coordinate them with building plans will require a Change Order, subject to an additional fee.

14. Fees by Hourly Rate Schedule. If Client requests Element to perform services not included in the Proposal or an approved Change Order (including, without limitation, attending meetings and conferences on an as-needed basis with public agencies), Client shall compensate Element for such services in accordance with the Hourly Rate Schedule attached to and made a part of the Agreement. Expert witness testimony or participation at legal discussions, hearings or depositions, including necessary preparation time, will be charged at 150% of the quoted rates. If the Project extends beyond the calendar year in which the Proposal is dated, Element may revise its Hourly Rate Schedule in January of each subsequent year.

15. Covenants Benefiting Third-Parties. Element and Client acknowledge that from time to time third-parties may request Element to execute documents which benefit that third-party. These documents may include certifications, consent of assignment, and/or waiver of certain of Element's rights under this Agreement ("Requested Covenant"). Client acknowledges that execution of Requested Covenants is beyond the Scope, is at Element's discretion, and, if Element decides to so execute a Requested Covenant, the language, terms, and conditions of such Requested Covenant must be acceptable to Element, at Element's discretion.

16. Assignment. This Agreement may not be assigned by one party without the express written consent of the other party. Notwithstanding the forgoing, Element may employ consultants, sub-consultants, or subcontractors as it deems necessary to perform the services described in the scope. Also, Element may assign its right to receive payments under this Agreement.

17. Termination. Either party may terminate the provision of further services by Element under this Agreement for convenience with thirty (30) days advance notice to the other party. In addition, following a material breach by the other party, the non-breaching party may terminate the provision of further services by Element under this Agreement by giving ten (10) days prior notice and an opportunity to cure to the reasonable satisfaction of the non-breaching party. Client acknowledges that its failure to timely pay undisputed invoices is a material breach and that full payment of all undisputed invoices is required to cure such breach. Following any termination of services: (a) Client shall immediately pay Element for all services performed through the termination date, including reasonable costs of transitioning the Project to a new design professional designated by Client, if applicable; (b) Element shall have the right to withhold from Client the use or possession of Work Product prepared by Element for Client under this or any other agreement with Client, until all outstanding invoices are paid in full; (c) if the termination by Element resulted from a material breach by Client, Element shall have the right to withdraw any Work Product or other documents filed with any governmental agency by Element in its name on behalf of Client; and (d) if Client selects a new design professional then, as a condition of transferring any files or documents, Client and Client's new design professional shall execute Element's standard Electronic File Transfer Agreement or such other similar agreement as the parties shall in good faith negotiate.

18. Miscellaneous. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the other provisions of this Agreement shall remain in full force and effect. The failure of a party to enforce any provision hereof shall not affect its right at a later time to enforce same. A waiver by a party of any condition or breach hereunder must be in writing to be effective and, unless that writing provides otherwise, shall waive only one instance of that condition or breach. This Agreement is solely for the benefit of the parties hereto and no provision of this Agreement shall be to confer upon third-parties any remedy, claim, liability, reimbursement, cause of action, or other right. The headings in this Agreement are for convenience and identification purposes only, are not an integral part of this Agreement, and are not to be considered in the interpretation of any part hereof. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. References in this Agreement to any gender shall include references to all genders. Unless the context otherwise requires, references in the singular include references in the plural and vice versa. The words "include," "including," or "includes" shall be deemed to be followed by the phrase "without limitation." The individual who signs this Agreement warrants that he has the authority to sign as, or on behalf of, Client, and to bind Client to all of the terms and conditions of this Agreement. To the extent that they are inconsistent or contradictory, the terms of the Proposal or an authorized Change Order shall supersede these Terms and Conditions.

19. Notices. Any notice, request, instruction, or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been deemed delivered: (a) on the day sent if delivered personally or by courier service during regular business hours (i.e., prior to 5:00 p.m. on weekdays that are not Federal holidays); (b) on the business day after the day sent if sent by overnight delivery service; or (c) two business days after the day sent if sent by certified mail or delivered by two-day delivery service.

If to Client, notice shall be addressed to the individual signing this Agreement at the address noted on the Proposal.

If to Element, notice shall be sent to the address set forth in the proposal, with a copy sent to:

Bowman Consulting Group Ltd.
12355 Sunrise Valley Drive, Suite 520
Reston, Virginia 20191
Attn: Robert A. Hickey

or to such other individual or address as a party hereto may designate for itself by notice given as herein provided.

Administrative Monthly Report

August 19th 2026

Board of Directors Meeting

UTILITY BILLING ACTIVITY FOR THE MONTH OF JULY 2026

Customer Utility Billing		
Billing Category	**Number of Accts**	**Amount Billed**
Usage Customers Billed - SEWER	861	$47,419.02
Usage Customers Billed - WATER	884	$71,796.24
ON/OFF Service	6	$250
LATE FEE	52	$1040
AOS LATE FEE	325	$6,500
TRANSFER	20	$7,000
CONSOLIDATIONS	2	$5,000
NSF	6	$180.00
Water & Sewer Hook UP	0	$0.00

JULY - XPRESS BILL PAY TRANSACTION AND CHARGES ACTIVITY

Product / Service Description	Qty	Unit Price	Line Total
EFT Web Transactions	292	$0.74	$216.08
EFT Return Basic	3	$7.00	$21.00
EFT Return Intermediate	3	$14.00	$42.00
Credit/Debit Card Web Transactions	459	$0.74	$339.66
Online Banking - Bank Bill Pay Transactions	16	$0.25	$4.00
Lock Box Service Transactions	109	$0.74	$80.66
Toll Free IVR Transactions	19	$1.25	$23.75
Maintenance & Support	1	$100.00	$100.00
Post Office Box – Annual Fee	1	$450.00	$450.00

Town of Crestone Sewer 2026

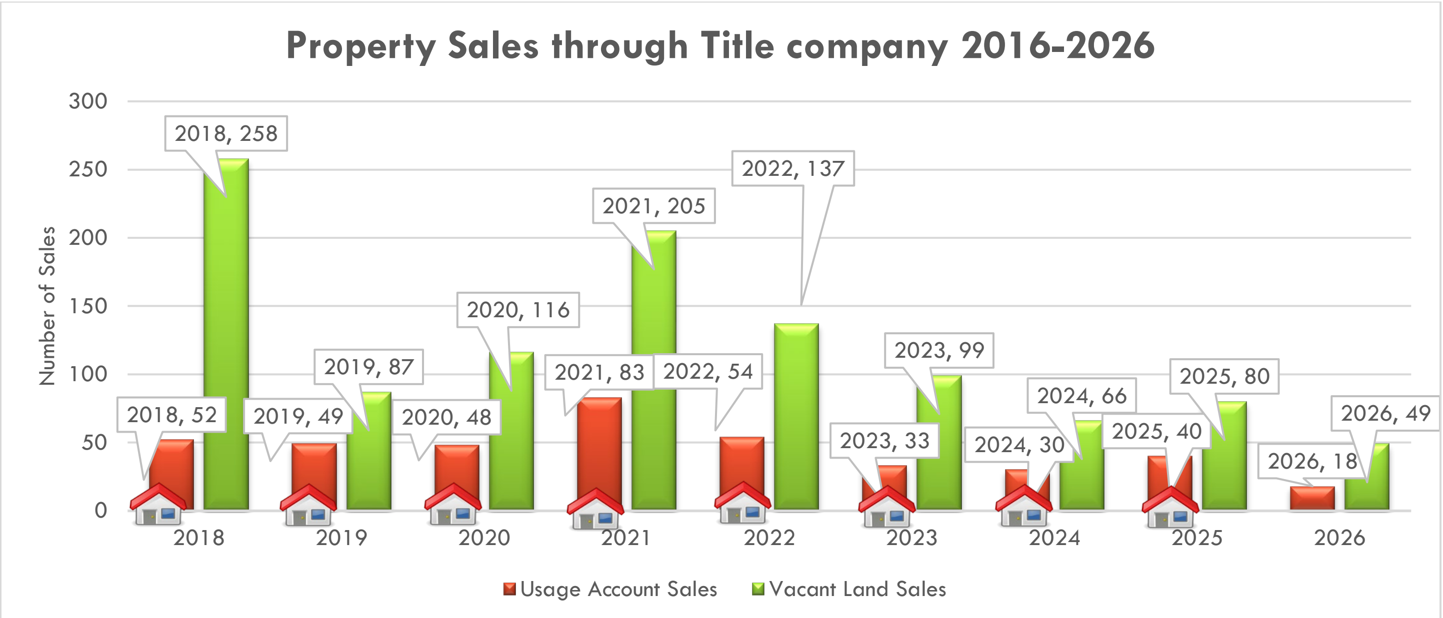
Town of Crestone Sewer Billing - 2026

Date	Monthly Total	Monthly Flow	Flow Charges	Average Daily BOD	Monthly BOD	BOD Charges	Paid	Balance Due
January	401,972	3,683,269.44	$3,683.27	37	1110	$1,282.05	$10,256.73	$4,965.32-02/28/2026 + past due of $5,291.41
February	334,680	3,066,672.84	$3,066.67	64	1792	$2,069.76	$5,156.43	$5,136.43-03/30/2026 + $20.00 Late Fee
March	409,212	3,749,609.56	$3,749.61	34	1088	$1,256.64	$5,006.25	$5,006.25-4/30/2026
April	370,916	3,398,703.31	$3,398.70	75	2325	$2,685.38	$6,084.08	$6,084.08-05/31/2026
May	344,106	3,153,043.28	$3,153.04	66	1782	$2058.21	$5,211.25	$5,211.25-06/30/2026
June	551,273	5,051,314.50	$5,051.31	44	1496	$1,727.88	$6,779.19	$6,779.19-07/31/2026
July	551,441	5,052,853.88	$5052.85	38	1102	$1,272.81		$6,325.66
August								
September								
October								
November								
December								
2026 Totals	2,963,600		$27,155.47	358	10695	$12,352.73	**$38,493.93**	

<u>2026 RATE – Effective January 1st:</u>

$9.163 - per 1,000 gallons of flow
$1.155 per pound of Biochemical Oxygen Demand (BOD)

July – 2026 - Property Sales: 4 – Homes 15- Lots



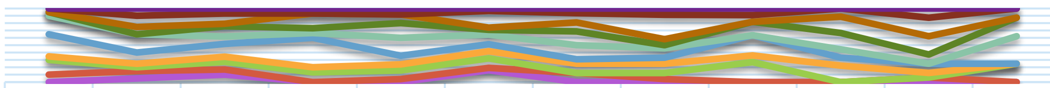
July - 2026– Other Sales Statistic Including Name Changes Only

Type	Vacant Lot	House	Total Charges
Treasurer Deed	1		$350.00
General Warranty Deed	1	2	$0.00(Name changes only)
TOTAL			**Total: $350.00**

2017- 2026- Water and Sewer Hook up Applications

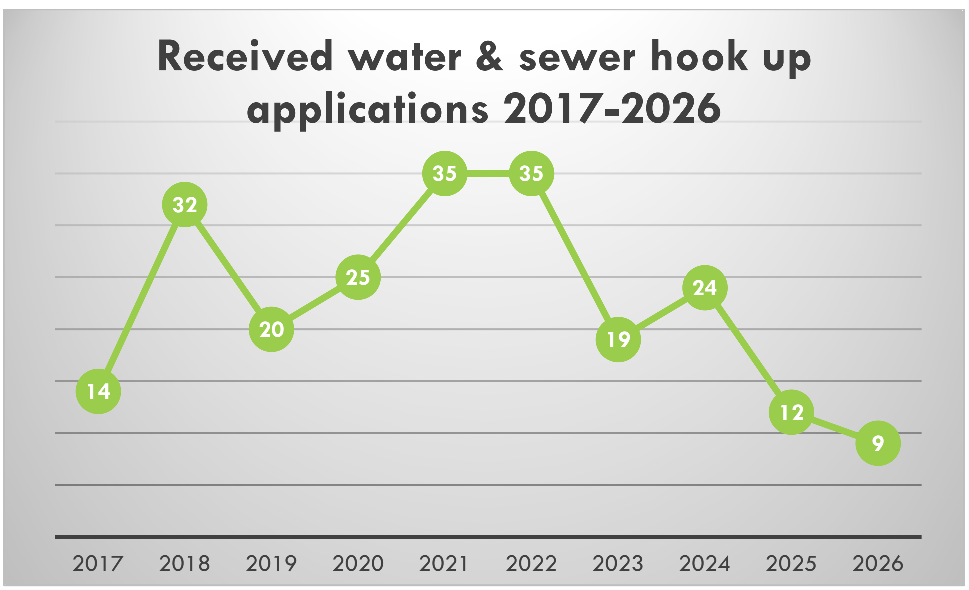
0 - Application (s) received in July, 9 –Total application (s) received in 2026

Water-Sewer Hookups 2016-2026



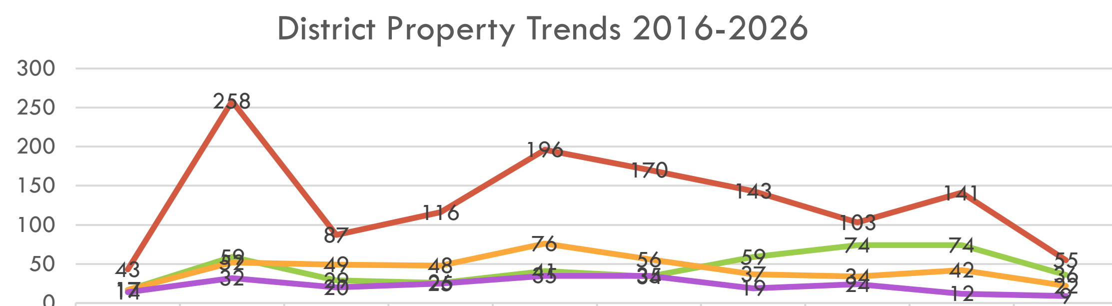
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2017= 14 applications	0	2	2	1	2	1	1	2	1	0	2	0
2018= 32 applications	1	3	4	0	0	7	2	8	1	1	4	1
2019 = 20 applications	0	2	1	3	3	1	2	2	0	2	4	0
2020=25 applications	1	0	4	1	5	2	3	1	2	2	2	2
2021=35 applications	5	5	3	1	6	4	3	3	0	1	0	3
2022=35 applications	6	3	5	6	3	3	1	2	3	1	2	0
2023=19 applications	1	1	2	1	2	3	2	3	1	2	1	0
2024 = 24 applications	4	1	3	2	3	4	0	2	3	0	0	2
2025= 12 applications	2	2	2	0	1	1	2	1	0	0	1	0
2026= 9 applications	0	1	3	0	0	5	0					

2026= 9 applications 2025= 12 applications 2024 = 24 applications 2023=19 applications
2022=35 applications 2021=35 applications 2020=25 applications 2019 = 20 applications
2018= 32 applications 2017= 14 applications



2026 – 4 CONNECTED HOOK UP'S

CHALET I	CHALET II	CHALET III	MHE	GRANTS
LOT 1021				LOT 1511 (INLUDED IN THE DISTRICT)
LOT 926				
LOT 464				



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Consolidations Approved	17	59	29	26	41	34	59	74	74	36
Usage Account Sales	17	52	49	48	76	56	37	34	42	22
Vacant Land Sales	43	258	87	116	196	170	143	103	141	55
W/S Hookup Applications	14	32	20	25	35	35	19	24	12	9

ADMINISTRATIVE UPDATES

Delinquent Accounts / Shut-Offs

- One water shut-offs occurred during the month of August.
- There are currently five (5) active payment plans.

Certification process

- Pre certification process started
- Draft certification documents have been prepared.
- Data verification is currently underway.
- Draft completed
- Notices are being prepared.
- Scheduled to be mailed out on August 27th.
- Public Hearing scheduled for October 21st, 2026.
- Resolution prepared with the list of identified delinquent accounts.
- November 2nd, 2026 PACKET GETS MAILED TO THE COUNTY TREASURER.
- Packet includes the Final list of delinquent accounts along with the 2026 Executed Resolution.
- November 2 through December 7, 2026: the Treasurer will accept changes/updates to the certification.

Xpress Bill Pay

- Caselle has announced the discontinuation of its integration with Xpress Bill Pay. No immediate changes are expected, and the transition will occur gradually.
- Caselle offers the Caselle Citizen Portal, an integrated platform for billing, payments, and customer services.
- Staff attended informational webinars presented by Xpress Bill Pay and Caselle to review available options.
- Staff attended Springbrook ERP platform demo.
- Staff also attended demo of the Caselle Citizen Portal.
- XBP is committed to provide its service without integration with Caselle. Introduced XBP Relay
- XBP is working on a faster installation process and plans to begin outreach in late September.

Special District Association (SDA)

- SDA Conference is scheduled for September 15^{th}-17^{th}.
- Natalie is registered to attend.

Website

- A new webpage was created regarding drought conditions.
- The blog was updated with a new post regarding water conservation.

Consolidations

- 12 consolidation requests received in 2026 involving 38 lots.

Vector Training:

- Vector training has been completed by all employees.
- The District will receive a 10% discount for next year through the Colorado Special District Property and Liability Pool (CSDPLP).

Internet

- THE DISTRICT WILL INSTALL TWO WI-FI EXTENDERS THROUGHOUT THE OFFICE TO IMPROVE RECEPTION.

August Billing message: As of July 9th, 2026 the District is currently operating under Drought Level 3 – Extreme Drought based on drought conditions identified by the U.S. Drought Monitor for Saguache County. The District reviews drought conditions regularly and adjusts drought response measures in accordance with its adopted Drought Procedures. For More information visit: https://bacawater.specialdistrict.org/drought

FOR CASELLE ORGANIZATIONS

Meet XBP Relay

xpress BILL PAY

Automating the XBP side of your Caselle integration

Keep using XBP as you do today. XBP Relay automates the XBP side of the Caselle exchange. On your side, two easy Caselle steps remain: export your billing file and run **Payment Import**, each done in seconds.

$0 NO COST TO YOU. WE SET IT UP FREE

AUTOMATES THE XBP SIDE. TWO EASY CASELLE STEPS

WHY NOW Caselle is retiring support for **POP**, the current integration. XBP Relay is the replacement, and you can switch now with no interruption to how you and your residents work today.

Near real-time

Post payments the same day and keep balances current. As close to real-time as it gets.

50%+ have already signed up for XBP Relay

≤30s Export billing and run Payment Import, both quick

👤 **No citizen disruption**
Residents pay the same way, on the same site with XBP. They never notice the switch.

⚡ **Automates the XBP side**
XBP Relay moves bills to XBP and prepares payment files. The heavy lifting is handled for you.

⌛ **Same-day when needed**
For shut-off, due, or penalty dates, download and import the same-day file. Quick and optional.

✅ **GL stays unchanged**
Uses your existing configs, so funds flow to the GL and reconciliation stays simple.

A WIN-WIN FOR YOU AND YOUR CUSTOMERS

- ✓ **Zero customer disruption** Same site, same login, same way to pay
- ✓ **Autopays keep running** No re-enrollment, no lapsed payments
- ✓ **Support never skips a beat** No loss of customer support

What XBP Relay does for you

Two data flows, read left to right

HOW TO READ IT: ⚡ XBP Relay does it automatically ✓ Keeps working as-is

Billing goes out

CASELLE → XBP

1. **You** run cycle billing, then export your **billing/adjustment file** in Caselle.

⚡ **XBP Relay** automatically delivers your exported bill file to XBP.

✓ Residents always see the current bill. Autopays and notifications keep working.

Payments come in

XBP → CASELLE

⚡ **XBP Relay** automatically retrieves and prepares the daily payment file from XBP, ready for posting.

2. **You** open Caselle and run **Payment Import** to post payments to customer accounts. Done in seconds.

✓ Funds flow to your GL through existing configs. Reconciliation is unchanged.

SAME-DAY When you need it, a quick manual pull keeps time-sensitive accounts current. Handy right before a shut-off, due, or penalty date.

GETTING STARTED

30-minute setup. One appointment with your XBP team.
Training included. Provided once updates are complete.
Bring IT if locked down. For workstations that restrict installs.
On your schedule. Not required yet. Keep working uninterrupted.

Ready to automate the XBP side?

Request XBP Relay now. 30 minutes to set up, zero interruption to your office.

Contact the XBP Team →
dlangreder@xpressbillpay.com

2026 SDA Annual Conference

We are so excited for the 2026 SDA Annual Conference, September 15-17, at the Keystone Conference Center!

For starters, our hybrid format will once again be available, with both an in-person and livestreaming option. The entire Conference will be held in-person at the Keystone Conference Center, and just like the last few years, our keynote presentations and breakout sessions will be livestreamed to a convenient online platform that will provide access for those who would like to join us remotely.

What's more, the breakout sessions will all be recorded, and everyone who registers will have access to the virtual platform and recordings for a year, including everyone who attends in-person! This offers the chance to go back and watch sessions again, either as a refresher or to catch up on anything that was missed. We know this format provides huge benefits for all our attendees, and we are very excited to offer it again this year.

Our lineup of breakout sessions this year is stellar, and the sessions start early on Tuesday morning. All three days of Conference are jam-packed with a wide variety of universally applicable topics for all district types as well as sessions that are more technical in nature.

Altogether we have a plethora of sessions planned, which will provide an opportunity for attendees to hear from a variety of experts on pertinent issues for special districts. Stay tuned for more information on all the sessions we will be offering!

What's more, **our entertaining and informative keynote speakers** will offer their unique insight and perspective into big picture ideas that affect all of us.

In addition, we are bringing back our Discussion Forums on Tuesday afternoon. This dedicated time for focused conversations on specific topics has proven very valuable in the past, and we are thrilled to offer these Forums again this year. We are finalizing the details of the topics as well as our discussion leaders so keep an eye out for more to come!

The outdoor event tent space will also be available again this year and will be set up on the back Conference Center patio. This additional space will be a perfect place to relax during the breaks between sessions or even as a place **to set up your laptop and headphones to tune into any session that might fill up**. Since we will be livestreaming the presentations to our virtual platform, if you find a meeting room that's full but you would still like to listen in, you will be able to access the livestream right on your laptop!

During the registration process, you will be able to choose the in-person option or the livestream only option. Both of these include access to the virtual platform and all the recordings for one year.

As you are making all your plans to join us, below is a general outline of how each day of Conference is shaping up.

Tuesday, September 15

- **Plan to get there early! The Conference begins at 7:15 am** with a welcome breakfast, the singing of the National Anthem, and the Presentation of the Colors.
- Immediately following our opening activities, we are thrilled to be joined by our **breakfast keynote speaker, Cam Awesome** (yes, that's really his last name!). Cam's fascinating story, from his early struggles with bullying to his pursuit of boxing greatness, will be an engaging and dynamic way to kick off this year's Conference.
- The day will be filled with **educational and timely sessions** for Board members, managers, and staff alike. Whether you are new to your position or have served in your role for years, there will be something for everyone.
- Our **Awards Luncheon** will be on Tuesday so we have a chance to honor our winners on the first day! Join us as we celebrate these exceptional Board members, managers, and districts.
- Tuesday's lunch will also feature **Dr. Robyne Hanley-Dafoe,** who will introduce a practical, research-driven framework for moving through disruption with clarity, courage, and confidence.
- Tuesday afternoon is when we will offer our **Discussion Forums** (see above for more information). Our topics are really coming together so stay tuned for more…
- Following the Forums, take a few minutes to relax and visit with your fellow attendees on the beautiful patio at the Conference Center as our **Opening Night Celebration** begins!
- The casino tables and trivia have been very popular so we'll have them both available again this year! We'll of course also have lots of **amazing food and time to unwind and visit with your fellow attendees.**

Wednesday, September 16

- While leading climbing adventures around the world, our breakfast speaker, **Manley Feinberg,** also led teams as a senior leader at Build-A Bear Workshop, which experienced tremendous growth and success during his tenure. Today, Manley inspires audiences through edge-of-your-seat stories and powerful leadership lessons to ignite full commitment throughout all levels of an organization.
- Pertinent and informative sessions will take place all morning, with a **goodie break** in between.
- Our lunchtime keynote speaker, **Ben Whiting,** will mix a little magic and a little amazement with actionable insights and concrete techniques to bring the best out of your people. You'll be learning and in awe all at the same time!

- Along with additional educational sessions, the **Colorado Special Districts Property and Liability Pool Annual Membership Meeting** will take place on Wednesday afternoon and will feature an educational keynote presentation.
- If you missed the first goodie break in the morning, you can catch another one in the afternoon!
- **Our Boots and BBQ event is back on Wednesday evening!** Wear your favorite pair of boots as you enjoy delicious BBQ with all the fixings right on the Conference Center patio. And, we will once again feature music from perennial favorite, **Randall McKinnon.**

<u>Thursday, September 17</u>

- **Steve Spangler** will start our day off right with a keynote presentation that is high-energy, story-rich, and loaded with memorable demonstrations that illustrate the science of engagement in real time.
- Following breakfast, Thursday will be **brimming with sessions and valuable information.**
- Then we are once again offering our **Grab-and-Go Lunch** that you can stay and enjoy before heading home or take with you in the car. This has worked well the past few years, and we are pleased to offer this flexible lunch option again.
- Thursday will be a full day, and **we will conclude at the perfect time** to get you back on your way!

All of this and much, much more awaits you at the 2026 SDA Annual Conference, September 15-17 at the Keystone Conference Center!

Register today, and we will see you there!

NOTICE OF INTENT TO FIX OR INCREASE FEES, RATES, TOLLS, PENALTIES OR CHARGES FOR WATER SERVICE

NOTICE IS HEREBY GIVEN that, pursuant to § 32-1-1001(2)(a), C.R.S., the Board of Directors for the Baca Grande Water and Sanitation District (the "District") will consider the increase of fees, rates, tolls, penalties or charges for water service at a public meeting to be held on **Wednesday, August 19, 2026, at 9:00 A.M.**, in person at the Baca Grande Office, 57 Baca Grant Way South, Crestone, Colorado, and via zoom at:
https://us02web.zoom.us/j/87269124750?pwd=ZmZVcTd2Y0UycW0vRmFWNS9wTU5WQT09
Meeting ID: 872 6912 4750 -- Passcode: 638055 -- One tap mobile - Dial by your location +1 346 248 7799 US (Houston)

Any interested member of the public is welcome to attend the public meeting.

The proposed rate increase under consideration is limited to the adoption and implementation of the District's Drought Procedures. Specifically, the proposal includes a 50% increase in the rates for all water usage tiers above Tier II if the District declares **Drought Level 3 – Extreme Drought** in accordance with the District's Drought Procedures.

BY ORDER OF THE BOARD OF DIRECTORS:
BACA GRANDE WATER AND SANITATION DISTRICT

STATE OF COLORADO }
COUNTY OF SAGUACHE } ss.

DEAN I. COOMBS, being duly sworn, says that he is PUBLISHER of THE SAGUACHE CRESCENT, a weekly newspaper, published and printed in Saguache in said County and State; that said newspaper has a general circulation in said County and has been continuously and uninterruptedly published therein, during a period of at least fifty-two consecutive weeks next prior to the first publication of the annexed notice; that said newspaper is a newspaper within the meaning of the act of the General Assembly of the State of Colorado, entitled "An Act to regulate the printing of legal notices and advertisements," and amendments thereto; that the notice of which the annexed is a printed copy taken from said newspaper, was published in said newspaper, and in the regular and entire issue of every number thereof, once a week for ONE successive insertions; that said notice was so published in said newspaper proper and not in any supplement thereof, and that the first publication of said notice, as aforesaid, was on the 23RD day of JULY, A. D. 2026, and the last, on the — day of —, A. D. —

[signature], Publisher

Subscribed and sworn to before me, this 23RD day of

Judith

JUDITH L. PAGE
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19964000569
MY COMMISSION EXPIRES JANUARY 24, 2028

NOTICE

OF INTENT TO FIX OR INCREASE FEES, RATES, TOLLS, PENALTIES OR CHARGES FOR WATER SERVICE

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Meeting ID: 872 6912 4750
Passcode: 638055
One tap mobile
+12532158782,,87269124750#,,,,*638055# US (Tacoma)
+13462487799,,87269124750#,,,,*638055# US (Houston)

Any interested member of the public is welcome to attend the public meeting.

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BY ORDER OF THE BOARD OF DIRECTORS: BACA GRANDE WATER AND SANITATION DISTRICT

Published: July 23, 2026

Other

NOTICE OF INTENT TO FIX OR INCREASE FEES, RATES, TOLLS, PENALTIES OR CHARGES FOR WATER SERVICE

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https://us02web.zoom.us/j/87269124750?pwd=ZmZVcTd2Y0UycW0vRmFWNS9wTU5WQT09
Meeting ID: 872 6912 4750 -- Passcode: 638055 -- One tap mobile - Dial by your location +1 346 248
7799 US (Houston)

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usage tiers above Tier II if the District declares Drought Level 3 – Extreme Drought in accordance with
the District's Drought Procedures.
BY ORDER OF THE BOARD OF DIRECTORS:
BACA GRANDE WATER AND SANITATION DISTRICT

Contact Information

Posted July 16, 2026 • Expires August 30, 2026

← View More Classifieds

Baca Grande Water and Sanitation District
Monthly Operations Report

August 19th, 2026

Hydrant replacement on Harmony ct

Facilities and Staff Updates

In Service	Repaired last month	Out of Service

Water Facilities

Well 18		Moonlight Transfer Station		Ridgeview Transfer Station		Fallen Tree Transfer Station		Pinecone Booster Station		Shumei Booster Station	
Pump 1	Pump 2	Pump 1	Pump 2	Pump 1	Pump 2	Pump 1	Pump 2	Pump 1	Pump 2	Pump 1	Pump 2

Wastewater Facilities

Aspen WWTP		Stables Lift Station		Wagon Wheel Lift Station		MHE Lift Station		Dharma Ocean Lift Station	
Pump 1	Pump 2	Pump 1	Pump 2	Pump 1	Pump 2	Pump 1	Pump 2	Pump 1	Pump 2

Service Vehicles

Truck 1	Truck 2	Truck 3	Truck 4	Truck 5

Equipment

Vactor Truck	Dump Truck	Backhoe	Skid steer	Excavator

- **Equipment failures or vehicle failures to report**
  - One of the process valves at Aspen failed.

- **Accidents**
  - No accidents to report.

Operations Updates

- **Leaks to report**
  - There was one pre tap leaking on Fallen Tree place. One Main break on Peaceful place.

- **GPRS Leak Detection Services**
  - GPRS has completed the survey of the water system, we are waiting for the final report.
  - During the preparations for GPRS the staff located numerous valves and flushing hydrants that are not in our mapping.
- **Other Leak Detection Services**
  - Management is still looking into other leak detection technology

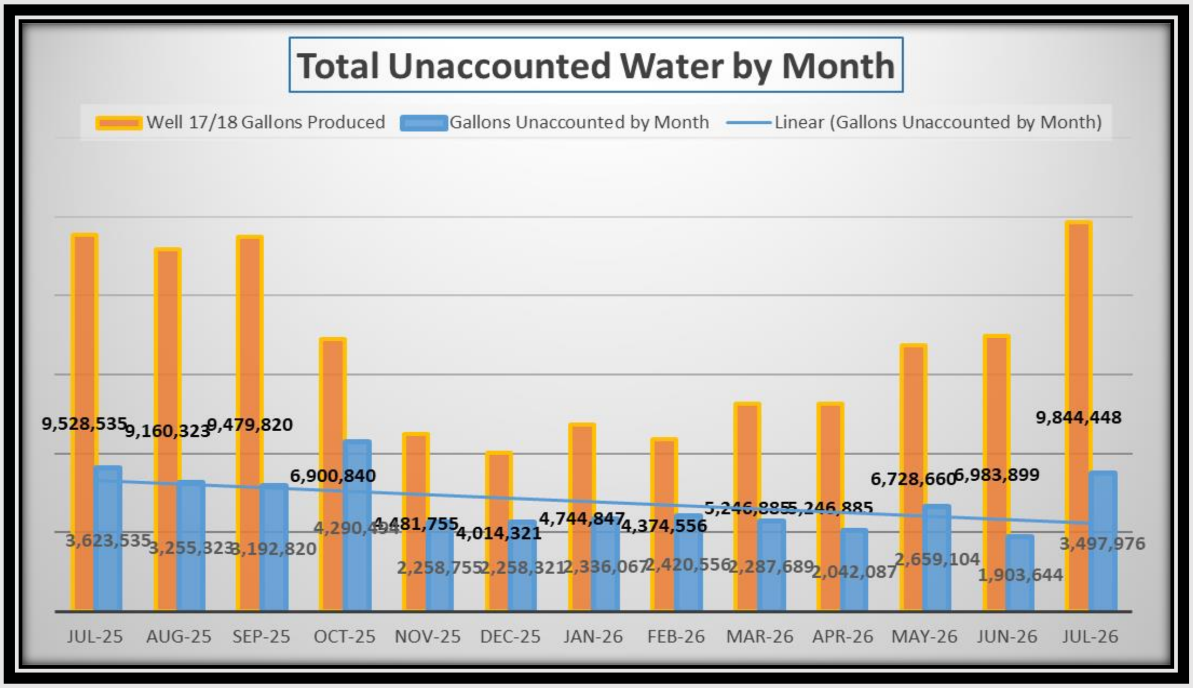
- **Aspen WWTF**
  - The Wastewater plant is operating at half capacity, so far it is mostly meeting effluent permit limits. The replacement valve is ordered and has a 2 – 3 week lead time.

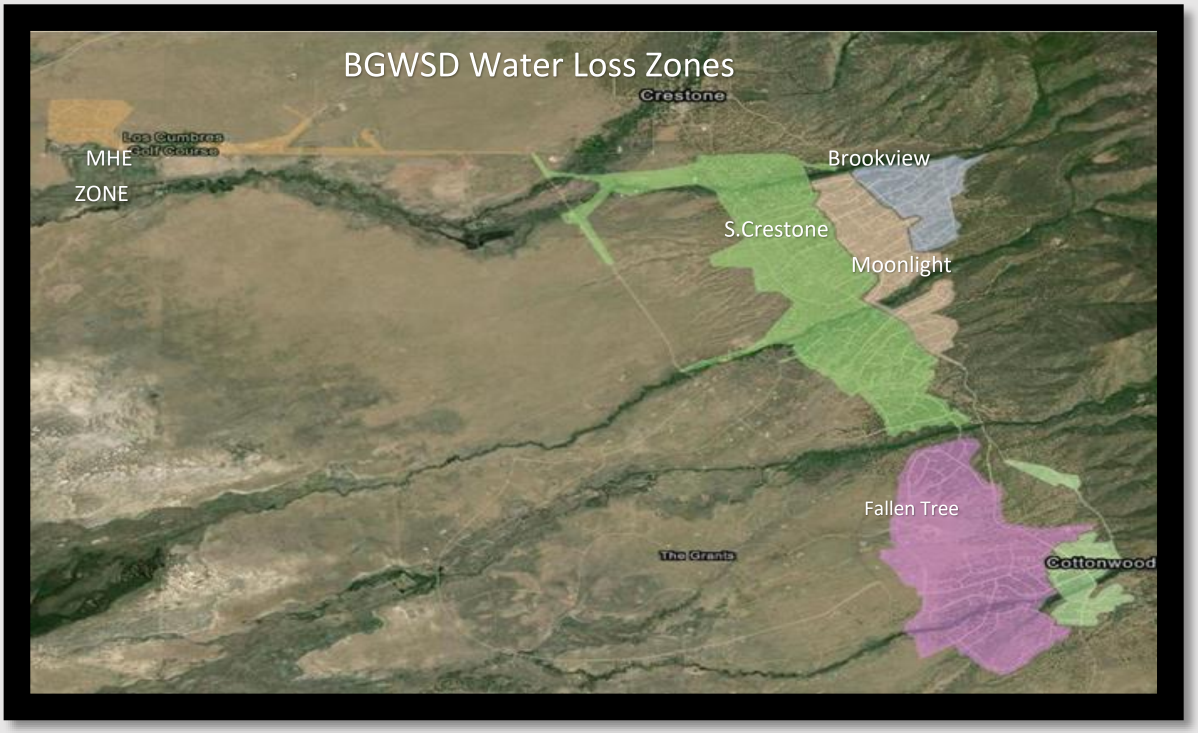
- **Projects**

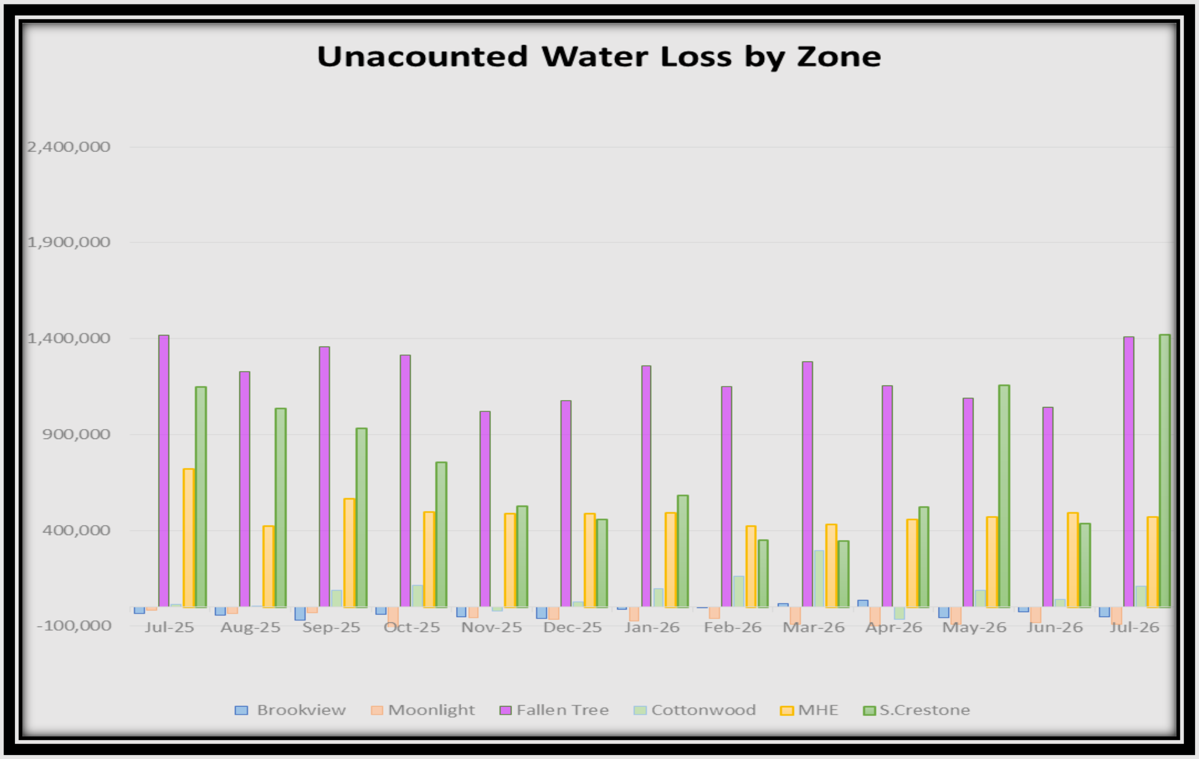
  Summer Project List
  - Fire Hydrant Maintenance (completed for the season)
  - Valve Maintenance (In Process)
  - Collection system cleaning (In Process)
  - Collection system inspections (In Process)
  - Grounds Maintenance and weed control (In Process)
  - Dig list (A variety of excavation projects)
  - Leak Detection (On Going)

- **Unaccounted Water**
  - Wells 17 and 18 produced 9,844,448 gallons of water in the month of July.
  - The District sold its customers 5,414,000 gallons of water in the month of July, leaving 3,497,976 gallons unaccounted for.
  - 35% of the water produced is unaccounted for in the month of July.

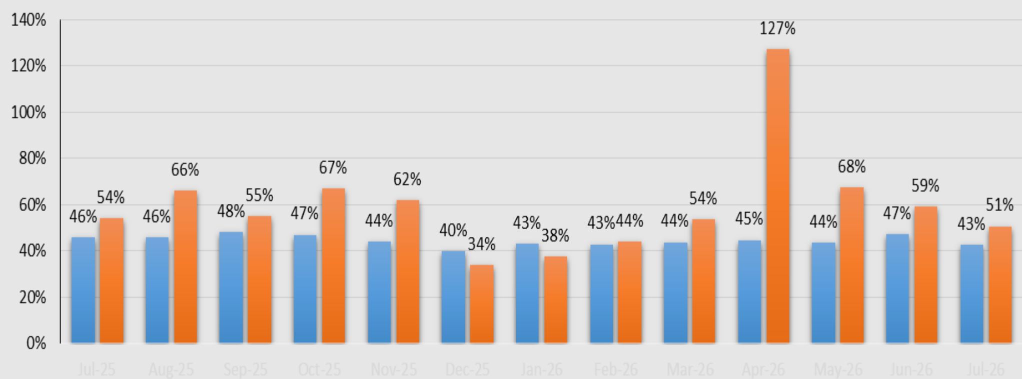
- **Aspen WWTP and Town of Crestone Loading**
    - Aspen WWTP averaged 43% of hydraulic loading capacity in the month of July, the Town of Crestone contributed an average of 28% of the treatment plants hydraulic load.
    - Aspen WWTP averaged 51% of organic loading capacity in the month of July. The Town of Crestone contributed an average of 25% of the treatment plants organic load.




BGWSD Water Loss Zones
Crestone
Los Cumbres Golf Course
MHE
ZONE
Brookview
S.Crestone
Moonlight
Fallen Tree
The Grants
Cottonwood


Unacounted Water Loss by Zone
2,400,000
1,900,000
1,400,000
900,000
400,000
-100,000
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Brookview
Moonlight
Fallen Tree
Cottonwood
MHE
S.Crestone

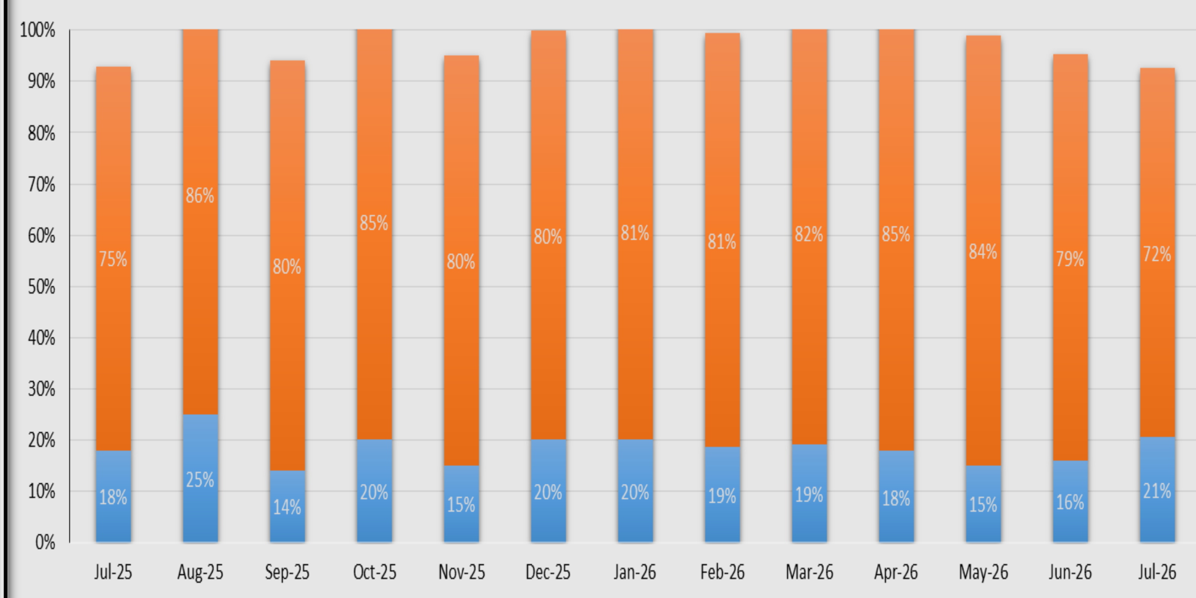
Percentage of Plant Capacities by Month at Aspen Wastewater Treatment Plant

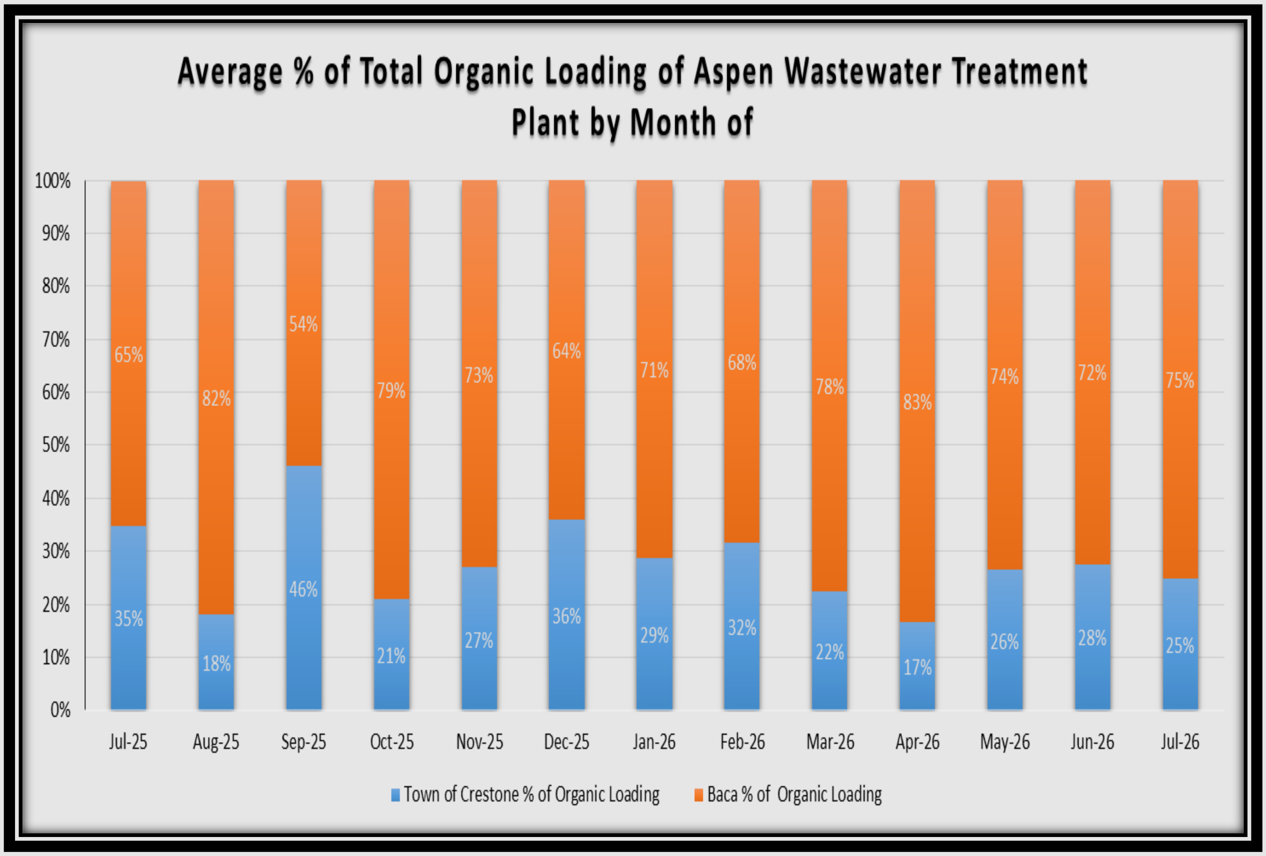


	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
Plant % of Hydraulic Capacity	46%	46%	48%	47%	44%	40%	43%	43%	44%	45%	44%	47%	43%
Plant % of Organic Capacity	54%	66%	55%	67%	62%	34%	38%	44%	54%	127%	68%	59%	51%

Plant % of Hydraulic Capacity   Plant % of Organic Capacity

Average % of Total Hydraulic Loading of Aspen Wastewater Treatment Plant by Month




Average % of Total Organic Loading of Aspen Wastewater Treatment Plant by Month of
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
65%
82%
54%
79%
73%
64%
71%
68%
78%
83%
74%
72%
75%
35%
18%
46%
21%
27%
36%
29%
32%
22%
17%
26%
28%
25%
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26
Town of Crestone % of Organic Loading
Baca % of Organic Loading