BACA GRANDE WATER & SANITATION DISTRICT

Saguache County, Colorado

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2025

BACA GRANDE WATER & SANITATION DISTRICT

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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

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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.

Government-wide financial statements 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:

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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

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 – <u>Definition of reporting entity</u>

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 – <u>Summary of significant accounting policies</u>

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.

Baca Grande Water and Sanitation District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2025

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
	Original	Final	Actual	(Negative)
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 Positive
	Original	Final	Actual	(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 General Operations	Total Mills Levied Debt Service	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
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		