



East Larimer County Water District

Financial Statements and Supplementary Information

For the Years Ended December 31, 2020 and 2019

East Larimer County Water District

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Independent Auditor's Report

Board of Directors
East Larimer County Water District
Fort Collins, Colorado

Opinion

We have audited the financial statements of the East Larimer County Water District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material



misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Prior Year Information

The financial statements of the District as of and for the year ended December 31, 2019 were audited by ACM LLP, whose partners and professional staff joined BDO USA, LLP as of August 1, 2020, and has subsequently ceased operations. ACM LLP expressed an unmodified opinion on those statements in their report dated June 29, 2020.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, pension and other post-employment benefits (OPEB) related schedules on pages 39 through 43 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) on page 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

September 9, 2021

**East Larimer County Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2020 and 2019**

The East Larimer County ("ELCO") Water District (the "District") is hereby submitting its Annual Financial Report for the fiscal year ending December 31, 2020. The report has been prepared in compliance with Statements of the Governmental Accounting Standards Board No. 34, entitled "Basic Financial Statements – Management's Discussion and Analysis - For State and Local Governments" (hereafter "GASB 34"), and related standards. The accuracy, completeness and fairness of the report, including all disclosures, are the responsibility of the District. The District believes the report is complete and accurate in all material respects.

District History

East Larimer County Water District provides drinking water to homes and businesses located north and east of Fort Collins, Colorado. The District was created by court decree on January 15, 1962 after voters in Larimer and Weld Counties approved formation of the District.

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on District financial issues and activities.

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the District's basic financial statements (beginning on page 8).

2019 Highlights - Business-Type Activities

- At December 31, 2020, net position was \$91,675,957 or an increase of \$12,602,730, or an increase of 15.9% when compared to December 31, 2019.
- Total operating revenues increased to \$7,045,478 during 2020, which was \$1421,897, or 25.3% more than 2019.
- Total operating expenses were \$5,046,616, an increase of \$233,825, or 4.9% in 2020 compared to 2019.
- Net capital assets were \$82,704,090 at December 31, 2020 compared to \$72,180,941 at December 31, 2019 for an increase of \$10,523,149, or 14.5% over 2019.
- Long-term debt decreased to \$3,860,000 at December 31, 2020, which was \$400,000 or 9.0% lower when compared to the balance at December 31, 2019.

Using this Annual Report

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements include:

Statements of Net Position - report the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 8).

Statements of Revenues, Expenses and Changes in Net Position - report the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 9).

Statements of Cash Flows - report the District's cash flows from operating, investing, capital and non-capital activities. (See page 10).

**East Larimer County Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2020 and 2019**

Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets			
Current assets	\$ 15,707,144	\$ 13,885,708	\$ 10,990,136
Capital assets, net	82,704,090	72,180,941	70,506,037
Total assets	<u>98,411,234</u>	<u>86,066,649</u>	<u>81,496,173</u>
Deferred outflows of resources			
Deferred outflows of resources relating to OPEB	19,825	14,139	20,107
Deferred outflows of resources relating to pension	340,695	474,485	315,225
Total deferred outflows of resources	<u>360,520</u>	<u>488,624</u>	<u>335,332</u>
Liabilities			
Current liabilities	1,756,856	1,346,972	1,497,371
Long-term liabilities	4,823,522	5,986,062	6,398,505
Total liabilities	<u>6,580,378</u>	<u>7,333,034</u>	<u>7,895,876</u>
Deferred inflows of resources			
Deferred inflows of resources relating to OPEB	26,010	11,445	2,928
Deferred inflows of resources relating to pensions	489,409	137,567	375,132
Total deferred inflows of resources	<u>515,419</u>	<u>149,012</u>	<u>378,060</u>
Net position			
Net investment in capital assets	78,845,585	67,921,114	65,859,040
Unrestricted	12,830,372	11,152,113	7,698,529
Total net position at December 31,	<u>\$ 91,675,957</u>	<u>\$ 79,073,227</u>	<u>\$ 73,557,569</u>

The long-term debt decrease was due to the payment of \$400,000 principal on the 2009 water enterprise revenue refunding bond.

**East Larimer County Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2020 and 2019**

Review of Revenues

	2020	2019	2018
<u>Revenues</u>			
Operating revenues			
Water service revenue	\$ 7,045,478	\$ 5,623,581	\$ 6,179,453
<u>Subtotal</u>	7,045,478	5,623,581	6,179,453
Non-operating revenues			
Earnings on investments	379,937	387,643	101,773
Other income	8,822	-	-
<u>Subtotal</u>	388,759	387,643	101,773
Total revenues	\$ 7,434,237	\$ 6,011,224	\$ 6,281,226

Operating revenue was \$7,045,478 or 119% of the budget. Earnings on investments were up in 2020 at \$379,937 compared with \$387,643 in 2019. The total revenues were up approximately 25% from 2019 primarily due to an increase in water rates and water sales.

Review of Expenses

	2020	2019	2018
<u>Expenses</u>			
Operating expenses	\$ 4,120,926	\$ 3,894,290	\$ 5,121,940
Depreciation	925,690	918,501	873,509
Total operating expenses	\$ 5,046,616	\$ 4,812,791	\$ 5,995,449

Operating expenditures in 2020 compared to 2019 increased \$233,825 or 5% compared to 2019.

Depreciation increased by approximately \$7,000 during 2020.

Capital Contribution and Transfers

Year Ending December 31	2020	2019	2018
Capital contributions	\$ 10,390,097	\$ 4,503,562	\$ 8,963,917

Cash capital contributions were \$2,999,589 (not including noncash contributions of \$7,390,508).

**East Larimer County Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2020 and 2019**

Capital Assets (Net of Depreciation)

Year Ending December 31	2020	2019	2018
Water rights	\$ 24,749,723	\$24,749,723	\$ 24,199,723
Water rights pending change of use	19,349,170	12,255,989	11,877,309
Land and right of way	291,150	291,150	291,150
Construction in progress	1,980,322	1,770,372	1,618,055
Building and improvements	263,822	299,748	363,101
Transmission and distribution system	25,135,411	24,406,253	24,597,410
Transportation equipment	111,583	90,512	126,917
Water Storage	2,611,046	2,635,355	2,659,664
Office furniture and equipment	13,399	17,823	17,060
Other equipment	42,223	28,415	10,465
SCWTA Treatment Capacity	8,156,241	5,635,601	4,745,183
Total	\$ 82,704,090	\$ 72,180,941	\$ 70,506,037

The District is a participant in upgrading the SCWTA by purchasing an addition 1 MGD of capacity. The District spent approximately \$2,520,000 in 2020 funding the expansion. Further capital asset information is available in the notes (see pages 18-19).

Debt and Other Financial Obligations

The District long-term debt was \$3,860,000 and \$4,260,000 in 2020 and 2019, respectively. The decrease was due to retirement of \$400,000 of the 2009B Water Enterprise Revenue Refunding Bonds. Further debt information is available in the notes (see pages 20-21).

Contracts and Agreements

The District is a party to several contracts and cooperative agreements concerning the financing, acquisition, construction, operation, maintenance, and use of certain water facilities.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact East Larimer County Water District, 232 South Link Lane, Fort Collins, Colorado 80524

Basic Financial Statements

East Larimer County Water District

Statements of Net Position

December 31,	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 1,366,071	\$ 2,525,061
Investments	13,954,499	10,982,779
Receivables, net	204,565	244,688
Prepaid expenses	182,009	133,180
Total current assets	15,707,144	13,885,708
Non-current assets		
Capital assets		
Property, plant and equipment, net	82,704,090	72,180,941
Total non-current assets	82,704,090	72,180,941
Total assets	98,411,234	86,066,649
Deferred outflows of resources		
Deferred outflows of resources relating to pensions	340,695	474,485
Deferred outflows of resources relating to OPEB	19,825	14,139
Total deferred outflows of resources	360,520	488,624
Liabilities		
Current liabilities		
Current portion of long-term debt	420,000	400,000
Accounts payable	632,994	286,351
Accrued interest payable	13,480	14,646
HRA liability	690,382	645,975
Total current liabilities	1,756,856	1,346,972
Non-current liabilities		
Accrued compensated absences	47,948	36,831
Long-term debt (net of current maturities and unamortized discount and premium)	3,438,505	3,859,827
Net pension liability	1,196,268	1,927,804
Net OPEB liability	140,801	161,600
Total non-current liabilities	4,823,522	5,986,062
Total liabilities	6,580,378	7,333,034
Deferred inflows of resources		
Deferred inflows of resources relating to pensions	489,409	137,567
Deferred inflows of resources relating to OPEB	26,010	11,445
Total deferred inflows of resources	515,419	149,012
Net position		
Net investment in capital assets	78,845,585	67,921,114
Unrestricted	12,830,372	11,152,113
Total net position	\$ 91,675,957	\$ 79,073,227

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

East Larimer County Water District

Statements of Revenues, Expenses and Changes in Net Position

<i>For the years ended December 31,</i>	2020	2019
Operating revenues		
Water service revenue	\$ 7,045,478	\$ 5,623,581
Operating expenses		
Operating expenses	4,120,926	3,894,290
Depreciation	925,690	918,501
Total operating expenses	5,046,616	4,812,791
Operating income	1,998,862	810,790
Non-operating revenues (expenses)		
Earnings from investments	379,937	387,643
Interest expense	(174,588)	(185,937)
Bonds service fees	(400)	(400)
Other income	8,822	-
Total non-operating revenues (expenses)	213,771	201,306
Net income before contributions	2,212,633	1,012,096
Capital contributions	10,390,097	4,503,562
Change in net position	12,602,730	5,515,658
Net position at beginning of year	79,073,227	73,557,569
Net position at end of year	\$ 91,675,957	\$ 79,073,227

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

East Larimer County Water District

Statements of Cash Flows

<i>For the years ended December 31,</i>	2020	2019
Cash flows from operating activities		
Cash received from customers	\$ 7,085,601	\$ 5,626,058
Cash paid to suppliers	(2,633,282)	(2,980,933)
Cash paid to employees	(1,657,583)	(1,577,889)
Net cash flows from operating activities	2,794,736	1,067,236
Cash flows from noncapital financing activities		
Other nonoperating income	8,822	-
Net cash flows from noncapital financing activities	8,822	-
Cash flows from capital and related financing activities		
System development fees	2,999,589	3,065,859
Acquisition and construction of capital assets	(3,792,878)	(1,017,361)
Principal paid on long-term debt	(400,000)	(385,000)
Interest paid on long-term debt	(177,076)	(189,230)
Fees paid for revenue bonds	(400)	(400)
Net cash flows from capital and related financing activities	(1,370,765)	1,473,868
Cash flows from investing activities		
Purchase of investments	(5,315,461)	(4,258,993)
Proceeds from redemption of investments	2,540,723	1,496,800
Cash received from earnings on investments	182,955	387,643
Net cash flows from investing activities	(2,591,783)	(2,374,550)
Net change in cash and cash equivalents	(1,158,990)	166,554
Cash and cash equivalents at beginning of year	2,525,061	2,358,507
Cash and cash equivalents at end of year	\$ 1,366,071	\$ 2,525,061
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 1,998,862	\$ 810,790
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	925,690	918,501
Change in assets and liabilities:		
Receivables	40,123	2,477
Prepaid expenses	(48,829)	30,698
Accounts payable and HRA liability	125,597	(302,617)
Accrued compensated absences	11,117	5,283
Net pension liability and related items	(245,904)	(398,943)
Net OPEB liability and related items	(11,920)	1,047
Net cash flows from operating activities	\$ 2,794,736	\$ 1,067,236
Non-cash investing, capital and financing activities:		
Contributed capital assets	\$ 7,390,508	\$ 1,437,703
Capital assets acquired with accounts payable	\$ 265,453	\$ 138,341

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

East Larimer County Water District

Notes to Financial Statements

December 31, 2020 and 2019

1. Summary of Significant Accounting Policies

Form of Organization

East Larimer County Water District (the “District”) is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (“C.R.S.”). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof, which includes the power to levy taxes against property within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial principles. The District’s significant accounting policies are described below.

Reporting Entity

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: its Board of Directors are the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointment by a higher level of government, or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the District. The District meets the criteria of an “other stand alone government.”

Basic Financial Statements

The District is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

Basis of Accounting

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of this fund are included on the statements of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and become measurable. Total net position is segregated into net investment in capital assets, and unrestricted net position.

East Larimer County Water District

Notes to Financial Statements

December 31, 2020 and 2019

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors (the “Board”) in accordance with state statutes. The budget is prepared on a basis consistent with GAAP, except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues.

1. On or about October 15, the District staff submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular Board meetings to obtain taxpayer comments.
3. Prior to December 31, the budget is legally adopted by the Board.
4. Unused appropriations lapse at the end of each year.

The total appropriated expenditures, original and final, for the District were \$15,371,348 for the year ended December 31, 2020.

Cash and Cash Equivalents

The District considers all highly liquid investments with original maturities of three months or less, which are available for operating expenditures, to be cash equivalents. Short term investments, consisting of funds invested in a local government investment pool (Note 2) are considered to be cash equivalents and are measured at net asset value, which approximates fair value. Cash and cash equivalents held in custodial accounts for investment purposes are treated as investments.

Investments

Investments, consisting of funds invested in marketable debt and equity securities and certificates of deposit, are measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Allowance for Doubtful Accounts

The District’s receivables are due from commercial and residential customers within the District service area. The District’s policy for collections is limited to the right to discontinue service and to place liens on property. The District has determined that no allowance is necessary at December 31, 2020 or 2019, based on historical collection experience, and the ability to place liens on property.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses, an asset, in the accompanying financial statements.

**East Larimer County Water District
Notes to Financial Statements**

December 31, 2020 and 2019

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Estimated Lives
Building and improvements	10 - 40 years
Transmission and distribution system	5 - 50 years
Transportation equipment	5 - 7 years
Water Storage	10 - 50 years
Office furniture and equipment	5 - 20 years
Other equipment	5 - 10 years
Water rights, treatment capacity, land and right of way, and construction in progress	n/a

Joint Venture

Prior to February 1, 2017, the District was a participant with North Weld County Water District ("NWCWD") and Ft. Collins-Loveland Water District ("FLWD") in a joint venture to operate Soldier Canyon Filter Plant (the "Plant"), the filter plant provides treated water to the District, NWCWD and FLWD.

On February 1, 2017, the District transferred all of the Filter Plant assets to a new entity, Soldier Canyon Water Treatment Authority (the "Authority"). In exchange for the District's share of the Plant assets, the District received treatment capacity share of 12.179 million gallons per day ("MGD") or 28.264%. The treatment capacity is considered an intangible asset with an indefinite life and is included in capital assets. Complete financial statements for the Authority may be obtained from the Authority's administrative office at 4424 LaPorte Avenue, Ft. Collins, Colorado 80521.

Debt Issuance Costs

Debt issuance costs are recognized as an expense during the period of issuance.

Debt Related Deferrals

Debt premiums and discounts and losses on refunding are deferred and amortized to interest expense over the life of the debt using the effective interest method. The deferred loss on refunding is reported as a deferred outflow of resources in the accompanying statements of net position. The net premiums and discounts are presented as an adjustment to the face amount of the debt.

Accrued Compensated Absences Payable

Obligations associated with the District's vacation policy are recorded as a liability and expense and when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is considered a long-term-liability. The District has recorded a liability of \$47,948 and \$36,831 at December 31, 2020 and 2019, respectively.

East Larimer County Water District

Notes to Financial Statements

December 31, 2020 and 2019

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources relating to pensions and other post-employment benefits (“OPEB”) (see notes 8 and 9).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District’s deferred inflows of resources relate to pensions and OPEB (see notes 8 and 9).

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 and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of December 31, 2020.

Other Post-Employment Benefits

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

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

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Unrestricted Net Position - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

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

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed monthly on 30 day cycles. Unbilled water charges are accrued for the period from the last meter reading through year-end and are included in receivables. At December 31, 2020 and 2019, there were no unbilled accounts receivable.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Contributions in Aid of Construction

Contributions of cash, transmission lines, and water rights to the District by developers, customers, or by agreements with others are treated as capital contributions on the District's statements of revenues, expenses and changes in net position.

Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and could be material.

2. Cash and Investments

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, C.R.S. require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2020 and 2019, the District had deposits with a financial institution with a carrying amount of \$886,029 and \$1,476,709, respectively. The bank balances with the financial institution were \$1,138,559 and \$1,490,303, respectively. Of these amounts, \$250,000

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was covered by federal depository insurance. The remaining balances of \$888,559 and \$1,240,303, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

Cash and cash equivalents held by the District at December 31 were as follows:

	2020	2019
Cash on hand	\$ 700	\$ 700
Cash on deposit with financial institutions	885,729	1,476,409
Local government investment pool	479,642	1,047,952
Total cash and cash equivalents	\$ 1,366,071	\$ 2,525,061

Local Government Investment Pools

At December 31, 2020 and 2019, the District had invested \$479,642 and \$1,047,952, respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a 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. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Investments

C.R.S. specifies investment instruments meeting defined rating and risk criteria in which special districts may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

District policy is to hold investments until maturity.

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Custodial Credit Risk - Investments

Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2020 and 2019, none of the District's investments were exposed to custodial credit risk.

At December 31, 2020, the District had the following investments and quality ratings:

Investments	S&P Rating	Moody Rating	Value	Weighted Average Maturity in years	Concentration of Credit Risk
Cash and cash equivalents	Not rated	Not rated	\$ 2,326,678	n/a	16.7%
Government agency bonds	AA+	AAA to Aaa	1,917,216	2.6	13.7%
U.S. Treasury notes	AA+	AAA	4,788,290	1.0	34.3%
Certificates of deposit	Not rated	Not rated	4,922,315	3.0	35.3%
Total			\$ 13,954,499		

At December 31, 2019, the District had the following investments and quality ratings:

Investments	S&P Rating	Moody Rating	Value	Weighted Average Maturity in years	Concentration of Credit Risk
Cash and cash equivalents	Not rated	Not rated	\$ 1,941,746	n/a	17.7%
Government agency bonds	AA+	AAA to Aaa	1,868,439	3.5	17.0%
U.S. Treasury notes	AA+	AAA	2,833,756	2.6	25.8%
Certificates of deposit	Not rated	Not rated	4,338,838	2.5	39.5%
Total			\$ 10,982,779		

The District categorizes its fair value measurement within the fair value hierarchy established by GAAP. 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; Level 3 inputs are significant unobservable inputs.

The value of investments at December 31, 2020 was:

Description	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 2,326,678	\$ 2,077,678	\$ 249,000	\$ -
Government agency bonds	1,917,216	-	1,917,216	-
U.S. Treasury notes	4,788,290	-	4,788,290	-
Certificates of deposit	4,922,315	-	4,922,315	-
	\$ 13,954,499	\$ 2,077,678	\$ 11,876,821	\$ -

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The value of investments at December 31, 2019 was:

Description	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,941,746	\$ 1,692,746	\$ 249,000	\$ -
Government agency bonds	1,868,439	-	1,868,439	-
U.S. Treasury notes	2,833,756	-	2,833,756	-
Certificates of deposit	4,338,838	-	4,338,838	-
	\$ 10,982,779	\$ 1,692,746	\$ 9,290,033	\$ -

The fair values of cash and cash equivalents are equal to the sum of the account balances.

The fair values of government and corporate bonds and U.S. Treasury notes are based on current interest rates for instruments with similar characteristics, as estimated by the custodians of the securities. Certificates of deposit are valued at cost plus accrued interest, which approximates fair value. Management has determined that the pricing models utilized by the custodians provide reasonable estimations of the fair values of the securities.

Interest Rate Risk

The District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, the District adheres to state statutes. C.R.S. limits investment maturities to five years or less from the date of purchase. This limit on investments is a means of limiting exposure to fair value losses arising from increasing interest rates.

3. Receivables

Receivables consist of the following at December 31:

	2020	2019
Water service	\$ 181,760	\$ 222,836
Accrued interest	18,556	18,556
Miscellaneous	4,249	3,296
Total	\$ 204,565	\$ 244,688

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4. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
Capital assets, not being depreciated:				
SCWTA treatment capacity	\$ 5,635,601	\$ 2,520,640	\$ -	\$ 8,156,241
Water rights	24,749,723	-	-	24,749,723
Water rights pending change of use	12,255,989	7,093,181	-	19,349,170
Land and right of way	291,150	-	-	291,150
Construction in progress	1,770,372	209,950	-	1,980,322
Total capital assets, not being depreciated	44,702,835	9,823,771	-	54,526,606
Capital assets, being depreciated:				
Buildings and improvements	1,500,318	27,428	-	1,527,746
Transmission and distribution system	38,947,974	1,517,709	-	40,465,683
Transportation equipment	477,701	58,090	(56,522)	479,269
Water Storage	2,721,537	-	-	2,721,537
Office furniture and equipment	621,900	-	-	621,900
Other equipment	721,964	21,841	-	743,805
Total capital assets, being depreciated	44,991,394	1,625,068	(56,522)	46,559,940
Less accumulated depreciation for:				
Buildings and improvements	(1,200,570)	(63,354)	-	(1,263,924)
Transmission and distribution system	(14,541,721)	(788,551)	-	(15,330,272)
Transportation equipment	(387,189)	(37,019)	56,522	(367,686)
Water storage	(86,182)	(24,309)	-	(110,491)
Office furniture and equipment	(604,077)	(4,424)	-	(608,501)
Other equipment	(693,549)	(8,033)	-	(701,582)
Total accumulated depreciation	(17,513,288)	(925,690)	56,522	(18,382,456)
Total capital assets, being depreciated, net	27,478,106	699,378	-	28,177,484
Capital assets, net	\$72,180,941	\$ 10,523,149	\$ -	\$82,704,090

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Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
Capital assets, not being depreciated:				
SCWTA treatment capacity	\$ 4,745,183	\$ 890,418	\$ -	\$ 5,635,601
Water rights	24,199,723	550,000	-	24,749,723
Water rights pending change of use	11,877,309	378,680	-	12,255,989
Land and right of way	291,150	-	-	291,150
Construction in progress	1,618,055	152,317	-	1,770,372
Total capital assets, not being depreciated	42,731,420	1,971,415	-	44,702,835
Capital assets, being depreciated:				
Buildings and improvements	1,500,318	-	-	1,500,318
Transmission and distribution system	38,363,091	584,883	-	38,947,974
Transportation equipment	477,701	-	-	477,701
Water storage	2,721,537	-	-	2,721,537
Office furniture and equipment	615,465	6,435	-	621,900
Other equipment	691,292	30,672	-	721,964
Total capital assets, being depreciated	44,369,404	621,990	-	44,991,394
Less accumulated depreciation for:				
Buildings and improvements	(1,137,217)	(63,353)	-	(1,200,570)
Transmission and distribution system	(13,765,681)	(776,040)	-	(14,541,721)
Transportation equipment	(350,784)	(36,405)	-	(387,189)
Water storage	(61,873)	(24,309)	-	(86,182)
Office furniture and equipment	(598,405)	(5,672)	-	(604,077)
Other equipment	(680,827)	(12,722)	-	(693,549)
Total accumulated depreciation	(16,594,787)	(918,501)	-	(17,513,288)
Total capital assets, being depreciated, net	27,774,617	(296,511)	-	27,478,106
Capital assets, net	\$ 70,506,037	\$ 1,674,904	\$ -	\$ 72,180,941

**East Larimer County Water District
Notes to Financial Statements**

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5. Long-Term Debt

A summary of the District's long-term debt was as follows as of December 31:

	2020	2019
\$3,610,000 - 2009A water enterprise revenue bonds were issued to finance improvements to the District's distribution system. Interest, with rates ranging from 2.0% to 4.5%, is payable semiannually through December 1, 2028. The obligations are secured by net revenues of the system.	\$3,510,000	\$3,520,000
\$4,315,000 - 2009B water enterprise revenue refunding bonds were issued to refund the 1998 water refunding bonds. Interest, with rates ranging from 3.0% to 4.0%, is payable semiannually through December 1, 2028. The obligations are secured by net revenues of the system.	350,000	740,000
Total long-term debt	\$3,860,000	\$4,260,000

The annual requirements to amortize all debt outstanding as of December 31, 2020, are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 420,000	\$ 161,755	\$ 581,755
2022	435,000	144,955	579,955
2023	450,000	127,555	577,555
2024	470,000	109,555	579,555
2025	490,000	90,285	580,285
2026 - 2028	1,595,000	142,710	1,737,710
Total	\$ 3,860,000	\$ 776,815	\$ 4,636,815

The 2009 bond resolutions require that the reserve fund be funded in an amount equal to the least of (1) 100% of the maximum annual payment of principal and interest, (2) 125% of the average payment of principal and interest, or (3) 10% of the outstanding principal amount of the principal amount of the bonds. On June 9, 2009 the District purchased two insurance policies from Assured Guaranty Corp. to meet these requirements of the 2009 bond issues; therefore, no balances have been placed in reserve.

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A summary of changes in debt for December 31, 2020, were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
2009A water enterprise revenue bonds	\$3,520,000	\$ -	\$ 10,000	\$3,510,000	\$ 70,000
2009B water enterprise revenue refunding bonds	740,000	-	390,000	350,000	350,000
Accrued compensated absences	36,831	26,378	15,261	47,948	-
Totals	4,296,831	\$ 26,378	\$ 415,261	3,907,948	\$ 420,000
Current portion of long-term debt	(400,000)			(420,000)	
Net bond premium	2,694			905	
Net bond discount	(2,867)			(2,400)	
Noncurrent portion of long-term debt	<u>\$3,896,658</u>			<u>\$3,486,453</u>	

6. Reconciliation of Budget Basis Accounting to GAAP Financial Statements

The District prepares its annual budget on a non-GAAP basis of accounting. Below is a reconciliation of the budget basis accounting to GAAP basis:

	2020	2019
Revenues per non-GAAP budgetary statement	\$ 10,425,004	\$ 9,077,083
Expenditures per non-GAAP budgetary statement	(8,488,792)	(5,485,158)
Excess of budgeted revenues over budgeted expenditures	1,936,212	3,591,925
Non-GAAP revenues/expenditures:		
Bond principal	400,000	385,000
Capital expenditures	3,792,878	1,017,361
GAAP revenue/expense - adjustments:		
Depreciation expense	(925,690)	(918,501)
Amortization of debt deferrals	-	2,170
Non-cash contributed capital assets	7,390,508	1,437,703
Change in net position	\$ 12,602,730	\$ 5,515,658

7. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions, or natural disasters. The District is a member of the Colorado Special Districts Property and Liability Pool (“CSDPLP”). CSDPLP is an organization composed of approximately 1,100 members created by an intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials’ liability, and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability and public officials’ coverage for claims up to \$1,000,000.

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At December 31, 2019 (the most current audited financial statements) CSDPLP has total admitted assets of \$55,602,023, liabilities of \$33,163,342, and unassigned surplus of \$22,438,681. The liability amount includes no long-term debt. Total revenue for 2019 amounted to \$22,436,944, investment income of \$1,173,628 and total expenses were \$25,355,739 resulting in a net loss of \$1,745,167. The amount of the District's share of these amounts is less than 1%.

8. Public Employees' Retirement Association of Colorado

Plan Description

Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (“C.R.S.”), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of December 31, 2019

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by 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 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (“AAP”) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (“AIR”) for the LGDTF.

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The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits .

Contributions Provisions as of December 31, 2020

Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee contribution rate	8.00%	8.50%

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

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	10.00%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Total employer contribution rate to the LGDTF	12.68%	13.18%

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 \$150,915 and \$142,822, respectively, for the years ended December 31, 2020 and 2019.

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

At December 31, 2020 and 2019, the District reported a liability of \$1,196,268 and \$1,927,804 respectively for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the District's proportion was 0.16356 percent, which was an increase of 0.01022 from its proportion measured as of December 31, 2018.

For the years ended December 31, 2020 and 2019, the District recognized pension income of \$94,989 and \$256,119, respectively.

At December 31, 2020, 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
Differences between expected and actual experience	\$ 78,282	\$ -
Net difference between projected and actual earnings on pension plan investments	-	489,409
Changes in proportion and differences between contributions recognized and proportionate share of contributions	111,498	-
District contributions subsequent to the measurement date	150,915	-
Total	\$ 340,695	\$ 489,409

The \$150,915 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2021	\$ 48,758
2022	(93,692)
2023	(64,273)
2024	(190,422)
	\$ (299,629)

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At December 31, 2019, 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
Differences between expected and actual experience	\$ 80,608	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	251,055	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	137,567
District contributions subsequent to the measurement date	142,822	-
Total	\$ 474,485	\$ 137,567

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

East Larimer County Water District

Notes to Financial Statements

December 31, 2020 and 2019

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate 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 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent 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 fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

**East Larimer County Water District
Notes to Financial Statements**

December 31, 2020 and 2019

Sensitivity of the District’s Proportionate Share of the Net Pension Liability To Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District’s proportionate share of the net pension liability	\$ 2,197,455	\$ 1,196,268	\$ 354,279

Pension plan fiduciary net position

Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

9. Other Post-Employment Benefits

Plan Description

Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the C.R.S., as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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.

East Larimer County Water District

Notes to Financial Statements

December 31, 2020 and 2019

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. 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 basis for 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 percent 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 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$12,140 and \$11,489 for the years ended December 31, 2020 and 2019, respectively.

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

At December 31, 2020 and 2019, the District reported a liability of \$140,801 and \$161,600, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.01253 percent, which was an increase of 0.00065 from its proportion measured as of December 31, 2018.

**East Larimer County Water District
Notes to Financial Statements**

December 31, 2020 and 2019

For the years ended December 31, 2020 and 2019, the District recognized OPEB expense of \$220 and \$12,536, respectively. At December 31, 2020, 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
Differences between expected and actual experience	\$ 467	\$ 23,660
Net difference between projected and actual earnings on OPEB plan investments	-	2,350
Changes of assumptions or other inputs	1,168	-
Changes in proportionate share	6,050	-
District contributions subsequent to the measurement date	12,140	-
	\$ 19,825	\$ 26,010

The \$12,140 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, 2021. 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,	Amortization
2021	\$ (4,045)
2022	(4,045)
2023	(3,532)
2024	(3,181)
2025	(3,323)
Thereafter	(199)
	\$ (18,325)

**East Larimer County Water District
Notes to Financial Statements**

December 31, 2020 and 2019

At December 31, 2019, 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
Differences between expected and actual experience	\$ 587	\$ 246
Changes of assumptions or other inputs	1,134	-
Net difference between projected and actual earnings on OPEB plan investments	929	-
Changes in proportionate share	-	11,199
District contributions subsequent to the measurement date	11,489	-
	\$ 14,139	\$ 11,445

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

**East Larimer County Water District
Notes to Financial Statements**

December 31, 2020 and 2019

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

East Larimer County Water District Notes to Financial Statements

December 31, 2020 and 2019

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

East Larimer County Water District

Notes to Financial Statements

December 31, 2020 and 2019

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

**East Larimer County Water District
Notes to Financial Statements**

December 31, 2020 and 2019

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 137,456	\$ 140,801	\$ 144,666

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. 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, 2019, 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 3.50%.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

East Larimer County Water District

Notes to Financial Statements

December 31, 2020 and 2019

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net OPEB liability	\$ 159,204	\$ 140,801	\$ 125,063

Detailed information about the HCTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

10. Voluntary Investment Program

Plan Description

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

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the District has agreed to match employee contributions up to 3 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. The District did not make a contribution on behalf of eligible members during the years ended December 31, 2020 or 2019.

11. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the “Amendment” or “TABOR”) to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District is an enterprise fund and has no TABOR revenues, and therefore, has not set aside any monies for emergencies as defined by TABOR.

East Larimer County Water District

Notes to Financial Statements

December 31, 2020 and 2019

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

12. Water Bank

During 2001, the District implemented a process whereby owners of water rights can irrevocably transfer shares of water to the District in exchange for a holding receipt for such water. Transferors can assign raw water as measured by a formula set out in the water bank agreement either to the District to meet raw water requirements or to others for remuneration in exchange for a part or all of the holding receipts. Change of use fees are to be applied to defray the cost of changing the use of the underlying water from agriculture to municipal use. The value of the shares subject to the change of use is reflected in capital assets under the category, “water rights pending change in use,” until such change has been approved.

13. CARES Act and COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 Outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of national, regional, or statewide economic slowdown. This situation has not depressed State or Federal funding during fiscal year 2020, but these funding sources may depress in the future.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.” The CARES Act, among other things, includes provisions appropriating funds from programs of the United States Department of the Treasury and Department of Education to be used to make payments for specified uses to states and certain local governments.

The District continues to examine the impact that the CARES Act may have on its operations. As of December 31, 2020, the District had not received any federal funding awards under the CARES Act.

14. Subsequent Events

The District evaluated subsequent events through September 9, 2021 the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

Required Supplementary Information

East Larimer County Water District
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Years

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.16356%	0.15334%	0.17333%	0.16505%	0.18176%	0.18960%	0.17053%
District's proportionate share of the net pension liability	\$ 1,196,268	\$ 1,927,804	\$ 1,929,922	\$ 2,228,695	\$ 2,002,235	\$ 1,699,410	\$ 1,271,625
District's covered payroll	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447	\$ 1,026,024	\$ 1,038,532	\$ 1,048,599	\$ 926,523
District's proportionate share of the net pension liability as a percentage of its covered payroll	106.21%	178.90%	176.50%	217.22%	192.79%	162.06%	137.25%
Plan fiduciary net position as a percentage of the total pension	86.26%	75.96%	79.37%	73.60%	76.90%	80.70%	77.66%

* The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

See accompanying Independent Auditor's Report.

**East Larimer County Water District
Schedule of District Contributions - Pension
Last Ten Years**

	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 150,915	\$ 142,822	\$ 136,639	\$ 136,680	\$ 126,850
Contributions in Relation to the Statutorily Required Contribution	150,915	142,822	136,639	136,680	126,850
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,190,184	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447	\$ 1,026,024
Payroll	12.68%	12.68%	12.68%	12.50%	12.36%

2015	2014	2013	2012	2011
\$ 130,890	\$ 131,736	\$ 115,364	\$ 109,681	\$ 105,492
130,890	131,736	115,364	109,681	105,492
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,038,532	\$ 1,048,599	\$ 926,523	\$ 871,425	\$ 859,502
12.60%	12.56%	12.45%	12.59%	12.27%

See accompanying Independent Auditor's Report.

East Larimer County Water District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Last Ten Years

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.01253%	0.01188%	0.01347%	0.01267%
District's proportionate share of the net OPEB liability	\$ 140,801	\$ 161,600	\$ 175,038	\$ 164,266
District's covered payroll	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447	\$ 1,026,024
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.50%	15.00%	16.01%	16.01%
Plan fiduciary net position as a percentage of the total OPEB Liability	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

OPEB schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

See accompanying Independent Auditor's Report.

**East Larimer County Water District
Schedule of District Contributions - OPEB
Last Ten Years**

	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 12,140	\$ 11,489	\$ 10,991	\$ 11,153	\$ 10,204
Contributions in Relation to the Statutorily Required Contribution	12,140	11,489	10,991	11,153	10,204
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,190,184	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447	\$ 1,026,024
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

OPEB schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

See accompanying Independent Auditor's Report.

Other Supplementary Information

East Larimer County Water District
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2020
With Comparative Actual Amounts for Year Ended December 31, 2019

	2020					2019
	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)		
	Original	Final				
Revenues						
Operating revenues	\$ 5,938,050	\$ 5,938,050	\$ 7,045,478	\$ 1,107,428		\$ 5,623,581
System development fees	4,979,426	4,979,426	2,999,589	(1,979,837)		3,065,859
Earnings on investments	225,435	225,435	379,937	154,502		387,643
Miscellaneous income	172,218	172,218	-	(172,218)		-
Total revenues	11,315,129	11,315,129	10,425,004	(890,125)		9,077,083
Expenditures						
Field operating expenditures						
Source of supply	510,079	510,079	590,594	(80,515)		520,214
Water treatment	3,229,687	3,229,687	1,193,957	2,035,730		1,131,916
Transmission and distribution	1,882,399	1,882,399	1,037,822	844,577		1,078,911
Total field operating	5,622,165	5,622,165	2,822,373	2,799,792		2,731,041
Administrative and general expenditures						
Accounting and finance	15,750	15,750	15,750	-		15,430
Administrative and management services						
Billing and collection	954,342	954,342	352,217	602,125		333,430
Billing and collection	71,185	71,185	91,335	(20,150)		90,834
Customer service	7,544	7,544	4,982	2,562		3,552
Personnel and training	971,504	971,504	834,269	137,235		720,003
Total administrative and general expenditures	2,020,325	2,020,325	1,298,553	721,772		1,163,249
Total operational expenditures	7,642,490	7,642,490	4,120,926	3,521,564		3,894,290
Non-operating expenditures						
Debt service, interest and paying agent fees						
Debt service, interest and paying agent fees	576,255	576,255	574,988	1,267		573,507
Capital expenditures	7,152,603	7,152,603	3,792,878	3,359,725		1,017,361
Total non-operating expenditures	7,728,858	7,728,858	4,367,866	3,360,992		1,590,868
Total expenditures	15,371,348	15,371,348	8,488,792	6,882,556		5,485,158
Excess (deficiency) of budgeted revenues over budgeted expenditures	\$ (4,056,219)	\$ (4,056,219)	\$ 1,936,212	\$ 5,992,431		\$ 3,591,925

See accompanying Independent Auditor's Report.