PARK CENTER WATER DISTRICT

Financial Statements
With
Independent Auditors' Report

For the Year Ended
December 31, 2020

Park Center Water District

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INTRODUCTORY SECTION

FINANCIAL SECTION

Park Center Water District

Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the District's financial condition and operating results and to disclose to the reader important financial activities and issues related to the District's basic operations and mission. The District operates one business type activity and no governmental activities and is funded through water sales, tap fees, developer contributions and other miscellaneous receipts.

DESCRIPTION OF FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements (including the footnotes), and Supplementary Schedules.*

STATEMENTS OF NET POSITION AND ACTIVITIES HIGHLIGHTS

- In 2020, total assets were $2,370,071, an increase of $100,297 form 2019.
- In 2020, revenues from water sales increased by $75,744 over 2019.

Condensed Financial Information

CONDENSED STATEMENT OF NET POSITION

	2020	2019
ASSETS		
Current and Other Assets	$ 1,044,648	$ 908,173
Capital Assets	1,325,423	1,361,601
Total Assets	2,370,071	2,269,774
DEFERRED OUTFLOWS	193,276	265,132
LIABILITIES		
Current Liabilities	34,811	16,747
Noncurrent Liabilities	934,182	1,270,161
Total Liabilities	968,993	1,286,908
DEFERRED INFOWS	308,313	132,227
NET POSITION		
Net Investment in Capital Assets	755,755	747,461
Restricted	88,359	87,719
Unrestricted	441,927	280,591
Total Net Position	**$ 1,286,041**	**$ 1,115,771**

CONDENSED STATEMENT OF ACTIVITIES

	2020	2019
OPERATING REVENUES		
Utility Charges	$ 1,090,496	$ 1,014,752
Other Charges for Services	5,880	24,381
Total Program Revenues	1,096,376	1,039,133
OPERATING EXPENSES		
Personnel Services	374,189	309,367
Commodity Charges	71,144	26,358
Administrative Office Expense	9,512	9,977
Insurance	22,985	22,950
Operating Supplies	208,507	211,027
Professional Fees	38,828	35,771
Repairs and Maintenance	101,404	91,275
Travel and Training	12,148	13,743
Telephone and Utilities	35,707	38,196
Other Operating Expenses	19,652	19,218
Depreciation Expense	108,582	109,956
Total Program Expenses	995,918	888,158
OTHER INCOME(EXPENSE)		
Tax Revenue	24,775	23,181
Investment Earnings	2,860	6,957
Interest Expense	(30,033)	(31,977)
Gain (Loss) on Sale of Assets	43,210	-
Total Other Income (Expense)	40,812	(1,539)
Contributed Capital	29,000	22,000
CHANGE IN NET POSITION	170,270	171,436
Net Position, Beginning	1,115,771	944,335
NET POSITION, ENDING	$ 1,286,041	$ 1,115,771

BUDGETARY HIGHLIGHTS

Changes between the original adopted budget, which was completed in December 2019, and the final budget in 2020, were primarily due to an increase in water sales due to lower than anticipated rainfall in the summer months, sale of ranch property and an increase in Water Acquisition Fees due to increased Tap Certificate redemption. Park Center has historically relied on surface waters originating from Pisgah Reservoir near Cripple Creek. Surface water use was limited during the summer due to drought conditions. Park Center utilized the Park Center well through most of the summer due reduced rain fall and surface water, increasing costs for purchasing and treatment of the water. Park Center leases well water from the Park Center Well owned by the Bureau of Land Management. Park Center is currently negotiating with BLM to sign a new lease for the well. The District has a long-term lease with the Bureau of Land Management for the Park Center well, BLM had an appraisal done on the well in 2016. The appraisal is projecting the cost of the well to increase from $140 an acre foot to $445 an acre foot. BLM implemented the new rates as of November 2019. Treatment of the well water, due to its heavy mineralization, costs more than twice as much as treating surface water.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Changes in capital assets for the year ended December 31, 2020 was as follows:

	12/31/19 Balance	Additions	Deletions	12/31/20 Balance
Capital assets not being depreciated				
Land	$ 63,771	$	$	$ 63,771
Water rights	631,044	-	-	631,044
Total capital assets not being depreciated	694,815	-	-	694,815
Capital assets being depreciated				
Building	98,429	-	-	98,429
Treatment plant	2,154,587			2,154,587
Distribution system	1,710,517	67,404	-	1,777,921
Equipment	117,891	5,000		122,891
Total capital assets being depreciated	4,081,424	72,404	-	4,153,828
Accumulated depreciation	(3,414,638)	(108,582)		(3,523,220)
Net capital assets being depreciated	666,786	(36,178)	-	630,608
Net capital assets	$ 1,361,601	$ (36,178)	$	$ 1,325,423

DEBT OUTSTANDING

The District's long-term debt consists of 3 loans with Rural Development (an agency of the U.S. Government). As of December 31, 2020 the balance due on these loans was approximately $568,100. In 2018 the District entered into a capital lease arrangement for the purchase of a copier. The lease was for $5,015 and requires 48 monthly payments of $115 through 2022 at 5.00% interest. The District has capitalized assets with the remaining value of $1,051 related to this lease.

	Balance 1/1/20	Proceeds From Borrowings	Payments	Balance 12/31/20	Current Portion
2018 Capital Lease	$ 2,841	$ -	$ 1,273	$ 1,568	$ 1,337
USDA Revenue Bonds	611,300	-	43,200	568,100	44,500
Total Long-Term Obligations	**$ 614,141**	**$ -**	**$ 44,473**	**$ 569,668**	**$ 45,837**

ECONOMIC AND OTHER FACTORS

For the first time in five years, water sales were over 100 million gallons. Increased economic growth in the area resulted in three water taps being sold and four tap certificates being redeemed. The District has not increased water rates since 2016.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the general public with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

District Manager
Park Center Water District
1660 Reservoir Road
P.O. Box 1406
Cañon City, CO 81215
Tel: (719) 275-2055
Fax: (719) 275-0268

FINANCIAL SECTION

Mayberry & Company, LLC
Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
Park Center Water District
Cañon City, Colorado

Independent Auditors' Report

Report on the Financial Statements
We have audited the accompanying financial statements of the Park Center Water District, as of and for the year ended December 31, 2020, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Englewood, Colorado 80112 Fax (720) 639 –9765

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Park Center Water District, as of December 31, 2020, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Park Center Water District's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M4 and pension schedules on pages 35-38 be presented to supplement the basic financial statements. Such information, 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.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison schedule on page 39 and listed as other supplementary information is presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Mayberry & Company, LLC

Englewood, Colorado
May 26, 2021

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Basic Financial Statements

PARK CENTER WATER DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2020
With Comparative Totals for December 31, 2019

	Total	
	2020	2019
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments		
Cash	$ 264,492	$ 362,445
Investments	435,618	293,398
Restricted Cash and Investments	88,359	87,719
Receivables		
Property Tax Receivable	23,450	22,028
Accounts Receivable	119,951	109,255
Inventory	75,483	60,658
Prepaid Expenses	35,283	32,690
Total Current Assets	1,044,648	968,173
Noncurrent Assets		
Capital Assets not being depreciated	694,815	694,815
Capital Assets being depreciated	4,153,828	4,081,424
Accumulated Depreciation	(3,523,220)	(3,474,638)
Total Noncurrent Assets	1,325,423	1,301,601
TOTAL ASSETS	2,370,071	2,269,374
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES		
Net Deferred Outflows Pensions	188,018	259,444
Net Deferred Outflows OPEB	5,258	5,688
TOTAL DEFERRED OUTFLOWS	193,276	265,132
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 2,563,347	$ 2,534,506
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 24,398	$ 4,201
Accrued Liabilities	4,625	7,470
Accrued Salaries and Benefits	2,187	1,077
Accrued Interest Payable	3,601	4,049
Total Current Liabilities	34,811	16,347
Noncurrent Liabilities		
Due within one year	45,837	44,372
Due in more than one year	888,345	1,225,789
Total Noncurrent Liabilities	934,182	1,270,161
TOTAL LIABILITIES	968,993	1,286,508
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Net Deferred Inflows Pensions	272,788	109,548
Net Deferred Inflows OPEB	12,055	651
Other Deferred Inflows	23,450	22,028
TOTAL DEFERRED INFLOWS	308,313	132,227
NET POSITION		
Net Investment in Capital Assets	752,755	747,461
Restricted Net Position	88,359	87,719
Unrestricted Net Position	441,927	280,591
TOTAL NET POSITION	1,283,041	1,115,771
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 2,563,347	$ 2,534,506

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

PARK CENTER WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Total 2020	Total 2019
Operating Revenues		
Utility Charges	$ 1,090,496	$ 1,014,752
Other Charges for Services	5,880	24,381
Total Revenues	1,096,376	1,039,133
Operating Expenses		
Personnel Services	374,169	309,367
Commodity Charges	71,144	26,358
Administrative/Office Expenses	9,512	9,977
Insurance	22,960	22,930
Operating Supplies	208,507	211,027
Professional Fees	33,828	35,771
Repairs and Maintenance	101,404	91,275
Travel and Training	12,448	13,743
Telephone and Utilities	33,707	38,495
Other Operating Expenses	19,652	19,218
Depreciation Expense	108,587	109,995
Total Expenditures	995,918	888,158
Operating Income (Loss)	100,458	150,975
Other Income (Expense)		
Tax Revenue	24,775	23,481
Investment Earnings	2,860	6,957
Interest Expense	(30,033)	(31,977)
Gain (Loss) on Sale of Assets	43,210	-
Total Other Income (Expense)	40,812	(1,539)
Net Income (Loss)	141,270	149,436
Contributed Capital		
Plant Investment Fees	15,000	10,000
Cash in Lieu of Fees	14,000	12,000
Total Contributed Capital	29,000	22,000
Change in Net Position	170,270	171,436
Net Position, Beginning	1,115,771	944,335
Net Position, Ending	$ 1,286,041	$ 1,115,771

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

PARK CENTER WATER DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	Total	
	2020	**2019**
Cash Flows From Operating Activities:		
Cash Received from Customers	$ 1,087,110	$ 1,036,475
Cash Paid to Suppliers	(515,202)	(479,526)
Cash Paid to or on behalf of Employees	(418,057)	(398,930)
Net Cash Provided by Operating Activities	153,851	158,019
Cash Flows From Capital and Related Financing Activities:		
Tap Fees Received	29,000	22,000
Debt Principal Payments	(44,472)	(42,237)
Interest Payments	(30,181)	(32,527)
Proceeds of Capital Asset Sales	43,210	-
Acquisition of Capital Assets	(72,404)	
Cash Flows Used by Capital and Related Financing Activities	(75,047)	(52,764)
Cash Flows (Uses) From Noncapital Financing Activities:		
Tax Revenue	23,243	20,853
Cash Flows (Uses) From Investing Activities:		
Interest Received	2,860	6,957
Net Increase (Decrease) in Cash	104,907	133,065
Cash - Beginning	683,562	550,497
Cash - Ending	$ 788,469	$ 683,562
Cash	$ 264,492	$ 302,445
Investments	435,618	293,398
Restricted Cash and Investments	88,359	87,719
Total	$ 788,469	$ 683,562
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:		
Operating Income (Loss)	$ 100,458	$ 150,975
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Expense	108,582	103,936
Changes in Assets and Liabilities Related to Operations:		
(Increase) Decrease in:		
Accounts Receivable	(10,698)	(5,286)
Inventory	(15,845)	4,988
Prepaid Expenses	(3,598)	(1,914)
Pension and OPEB Deferred Outflows	71,830	(137,109)
(Increase) Decrease in:		
Accounts Payable	20,197	(8,731)
Accrued Liabilities	(2,794)	(4,964)
Accrued Salaries and Benefits	1,710	
Accrued Compensated Absences	3,271	(652)
Pension and OPEB Deferred Inflows	177,654	(57,535)
Pension and OPEB Liability	(294,752)	84,761
Other Deferred Inflows	1,432	2,628
Total Adjustments	53,393	7,044
Net Cash Used for Operating Activities	$ 153,851	$ 158,019

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Because the District has been established for the sole purpose of providing water service for financial reporting purposes, the District shows its basic financial statements as a single proprietary fund.

The Park Center Water District operates under the regulations pursuant to the Colorado Revised Statutes that designate a Board of Directors to act as the governing authority. The District provides potable water to the people within the boundaries of the District, which is located near Cañon City, Colorado.

Reporting Entity

Park Center Water District is a political subdivision of the State of Colorado governed by a five member board of directors. The accompanying statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The financial statements of the District include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit or burden on the District
- there is fiscal dependency by the organization on the District

Based on the above criteria, the District has no component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using *the economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Fund Accounting

The District uses one fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District uses only an enterprise (proprietary) fund.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Budgets

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In September the proposed budget is submitted to the District Board and a "Notice of Budget" is published stating that the proposed budget is on file for inspection.

2. In December the budget is approved and adopted fixing the rate of levy of taxation upon taxable property within the District and levies are certified to the county. A certified copy of the adopted budget is sent to the Division of Local Government within 30 days of adoption.

3. Prior to December 31, the District enacts an appropriation resolution for the ensuing fiscal year.

The District's adopted annual budget is all prepared on the modified accrual basis of accounting, ie the District budgets for capital outlay and debt principal repayments but does not budget for depreciation. The District may authorize supplemental appropriations during the budget year. All budgetary appropriations lapse at year-end.

Encumbrances

The District does not utilize encumbrance accounting.

Cash and Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. The District considers its investment in Colotrust as a cash equivalent.

Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

Receivables

Under the accrual basis of accounting, receivables consist of all revenues earned at year-end and not yet received. Based upon a review of the existing accounts receivable, no allowance for doubtful accounts is required.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include land, buildings, vehicles and equipment, are reported in the governmental activities column of the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and a useful life of more of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an expense for the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

Office and Shop Buildings	40 years
Treatment Plant	5-30 years
Distribution System (infrastructure)	30-40 years
Other	3-5 years

Accumulated Unpaid Leave (Compensated Absences)

The District permits an employee to carry over unused vacation pay to the next calendar year, up to 240 hours without board approval. The District also allows the accumulation of up to 60 days of sick leave. The accumulated vacation balance as of December 31, 2020 was $21,304.

Long-Term Obligations

Long-term debt is reported at face value, including all applicable premiums and discounts and deferred amounts from refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long term obligations are reported as liabilities in the Statement of Net Position.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position reports 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 so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government's deferred outflows consist of pension and OPEB related items as further described in Note 5 and Note 7.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position reports 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 so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows related to pension and OPEB liabilities as further described in Note 5 and Note 7 as well as for taxes levied in 2020 to be collected in 2021.

Net Position

In the financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

Amounts are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The District's has restricted net position for debt retirement.

Net Position Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted or unrestricted in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider available restricted net position to have been depleted before using unrestricted net position.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented for all of the statements and footnotes since their inclusion would make the report unduly complex and difficult to read.

NOTE 2: **CASH AND INVESTMENTS**

The District's cash and investment balances as of the year ended December 31, 2020 are as follows:

Cash and Investments	$ 700,110
Restricted Cash and Investments	88,359
Total Cash and Investments	**$ 788,469**

This balance is comprised of:

Cash	$ 264,492
Investments	523,977
Total Cash and Investments	**$ 788,469**

DEPOSITS

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels ($250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2020, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

NOTE 2: **CASH AND INVESTMENTS** (Continued)

At December 31, 2020 the District's deposits are categorized as follows:

	Bank Balance	Book Balance
FDIC Insured	$ 250,000	$ 250,000
PDPA Secured (Not in Entity's Name)	27,063	14,492
Total Cash	$ 277,063	$ 264,492

INVESTMENTS

The following is a summary of District policies related to investments.

Credit Risk
Colorado statutes specify which instruments units of local government may invest, which include:

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk 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, the District did not have any investments requiring safekeeping.

NOTE 2: **CASH AND INVESTMENTS** (Continued)

INVESTMENTS (Continued)

Investments Held

During the year ended December 31, 2020, the District invested funds in the Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAm by Standard and Poor's.

The Colotrust investment consists of the following:

	Fair Value	Weighted Maturity	Rating
Local Government Pool (Colotrust)	$ 435,618		AAAm
Local Government Pool (Colotrust) - Restricted	88,359		AAAm
Total Investments	$ 523,977		

RESTRICTED CASH AND INVESTMENTS

Rural Development has required the District to restrict cash to pay the annual installments on the water notes payable.

PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3: CAPITAL ASSETS

Changes in capital assets for the year ended December 31, 2020 was as follows:

	12/31/19 Balance	Additions	Deletions	12/31/20 Balance
Capital assets not being depreciated				
Land	$ 63,771	$	$	$ 63,771
Water rights	631,044			631,044
Total capital assets not being depreciated	694,815	-	-	694,815
Capital assets being depreciated				
Building	98,429	-	-	98,429
Treatment plant	2,154,587	-	-	2,154,587
Distribution system	1,710,517	67,404	-	1,777,921
Equipment	117,891	5,000	-	122,891
Total capital assets being depreciated	4,081,424	72,404		4,153,828
Accumulated depreciation	(3,414,638)	(108,582)		(3,523,220)
Net capital assets being depreciated	666,786	(36,178)		630,608
Net capital assets	$ 1,361,601	$ (36,178)	$ -	$ 1,325,423

NOTE 4: LONG-TERM OBLIGATIONS

The following is a schedule of changes in debt for the year ended December 31, 2020:

	Balance 1/1/20	Proceeds From Borrowings	Payments	Balance 12/31/20	Current Portion
2018 Capital Lease	$ 2,841	$ -	$ 1,773	$ 1,068	$ 1,397
USDA Revenue Bonds	611,300		42,700	568,600	44,500
Total Long-Term Obligations	$ 614,141	$ -	$ 44,473	$ 569,668	$ 45,897

Capital Lease

In 2018 the District entered into a capital lease arrangement for the purchase of a copier. The lease was for $5,015 and requires 48 monthly payments of $115 through 2022 at 5.00% interest. The District has capitalized assets with the remaining value of $1,891 related to this lease.

NOTE 4: **LONG-TERM OBLIGATIONS** (Continued)

Capital Lease (Continued)

Future minimum lease payments under capital lease are as follows:

Fiscal Year		Amount
2021	$	1,386
2022		231
Total minimum lease payments		1,617
Less: Interest at estimated 5%		(49)
Present value of minimum lease payments	**$**	**1,568**

Bonds Payable

The District has issued Subordinate Lien Water Revenue Bonds, Series 1983 in the principal amount of $345,400 to pay for District improvements. The net effective annual interest rate of this issue of bonds is 5.00%. Interest is payable on January 1 and July 1 of each year. The bonds mature serially January 1 of each year. The final payment is due in 2023. The balance of these bonds at December 31, 2020 is $37,000.

The District has issued Water Revenue Bonds, Series 1993 in the principal amount of $735,000 to pay for construction of a new treatment plant. The annual interest rate of this issue is 5.125%. Principal and interest are payable on June 1 and December 1 of each year through 2033. At December 31, 2020, the balance on these bonds is $401,400.

The District has issued Water Revenue Bonds, Series 1994 in the principal amount of $160,000 to pay for construction of a new treatment plant. The annual interest rate of this issue is 5.00%. Principal and interest are payable on June 1 and December 1 of each year through 2034. At December 31, 2020, the balance on these bonds is $85,200.

Debt payments to maturity on these bonds are as follows:

Fiscal Year		Principal		Interest		Total
2021	$	44,500	$	28,273	$	72,773
2022		47,100		25,984		73,084
2023		49,700		23,552		73,252
2024		32,500		21,487		53,987
2025		34,200		19,807		54,007
2026-2030		202,400		70,370		272,770
2031-2034		157,700		15,481		173,181
Total	**$**	**568,100**	**$**	**204,954**	**$**	**773,054**

NOTE 5: **DEFINED BENEFIT PENSION PLAN**

Summary of Significant Accounting Policies

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. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates for the LGDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

- Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

Plan description. Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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.

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

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

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 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.

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

General Information about the Pension Plan (Continued)

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019. 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, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lessor of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified 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. Eligible employees are required to contribute 8 percent of their PERA includable salary during the period of January 1, 2020 through December 31, 2020. The employer contribution requirements during the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2019 through December 31, 2019
Employer contribution rate	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%
Amount apportioned to the LGDTF	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	1.50%
Total employer contribution rate to the LGDTF	**12.68%**

NOTE 5: <u>**DEFINED BENEFIT PENSION PLAN**</u> (Continued)

General Information about the Pension Plan (Continued)

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 $36,394 for the year ended December 31, 2020.

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

At December 31, 2020, the District reported a liability of $307,331 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 proportion of the net pension liability was based on the District 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 proportion was 0.04168 percent, which was a decrease of 0.00514 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized pension expense of $7,814. 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		Deferred Inflows	
Difference between expected and actual experience	$	20,539	$	
Net difference between projected and actual earnings on pension plan investments	$	126,223	$	(243,187)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	$	2,500	$	(29,601)
Contributions subsequent to the measurement date	$	38,756	$	
Total	**$**	**189,018**	**$**	**(272,788)**

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

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

$38,756 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:	Fiscal year Total
2021	$ (40,266)
2022	(39,998)
2023	(711)
2024	(42,551)
Total	$ (123,526)

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50-10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	1.25% compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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 PERA's Board during the November 18, 2016, Board meeting.

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.

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

Post-retirement non-disabled mortality assumptions reflect 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.

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

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 November 16, 2016, adoption of the current 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:

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

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

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%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The basis for the projections of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2018, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2018). 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%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including 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 members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the 2018 AAP assessment, statutorily recognized July 1, 2019, and effectively July 1, 2020. Employer contribution also includes current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero.

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Additionally, estimated employer contributions included 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 AI 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.

Sensitivity of the District *proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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%)
Proportionate share of the net pension asset (liability)	$ (2,968,657)	$ (1,940,561)	$ (1,080,455)

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

Subsequent Event

Subsequent to December 31, 2019, as a result of the COVID-19 pandemic, the global economic outlook has changed. The duration and full effects of the pandemic are currently unknown, as the global picture continues to evolve. Although unprecedented federal fiscal and monetary stimulus have helped to stabilize and soften the impact of economic contraction, the near term negative impact on PERA's investment portfolio, as well the short-medium term impact on the Trust Fund's membership and demographics, remains uncertain.

NOTE 6: <u>DEFINED CONTRIBUTION PENSION PROGRAMS</u>

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 comprehensive annual financial report for the 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 C.R.S., as amended. Employees have the option of contributing pre or post-tax dollars.

NOTE 7: <u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u>

Summary of Significant Accounting Policies

OPEB. The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position 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.

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. 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 (CAFR) 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.

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.

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

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

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 $2,928 for the year ended December 31, 2020.

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

At December 31, 2020, the District reported a liability of $35,879 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 proportion of the net OPEB liability was based on the District 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 proportion was 0.00319 percent, which was a decrease of 0.00044 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized OPEB expense of $1,387. 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	Deferred Inflows
Difference between expected and actual experience	$ 132	$ (6,036)
Net difference between projected and actual earnings on pension plan investments	$ 657	$ (1,214)
Changes of assumptions or other inputs	$ 331	$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	$ 1,079	$ (4,815)
Contributions subsequent to the measurement date	$ 3,059	$
Total	$ 5,258	$ (12,065)

$3,059 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:

NOTE 7: <u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u> (Continued)

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

Year Ended December 31:	Fiscal Year Totals
2021	$ (1,922)
2022	(1,922)
2023	(1,730)
2024	(2,054)
2025	(2,111)
2026	(127)
Total	**$ (9,866)**

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates (PERA benefit structure):	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.60% for 2019, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2019, gradually increasing to 4.50% 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.

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:

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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.

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

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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.

Healthy post-retirement 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.

NOTE 7: <u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u> (Continued)

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

Healthy, post-retirement 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.

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:

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	7.50%
U.S. Equity - Small Cap	7.42%	7.80%
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%.

Sensitivity of the District 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:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	4.00%	5.00%	6.00%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB asset (liability)	$ (131,349)	$ (134,544)	$ (138,297)

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.

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- 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.
- 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. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District 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:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	$ (152,123)	$ (134,547)	$ (119,505)

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 7: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

Subsequent Event

Subsequent to December 31, 2019, as a result of the COVID-19 pandemic, the global economic outlook has changed. The duration and full effects of the pandemic are currently unknown, as the global picture continues to evolve. Although unprecedented federal fiscal and monetary stimulus have helped to stabilize and soften the impact of economic contraction, the near term negative impact on PERA's investment portfolio, as well the short-medium term impact on the Trust Fund's membership and demographics, remains uncertain.

NOTE 8: **FUND BALANCE RESERVATIONS/APPROPRIATIONS**

Emergency Reserve

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2020 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2020, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

The District believes it is in compliance with the provisions of the TABOR Amendment.

NOTE 9: **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to firemen; and natural disasters. The District purchases commercial insurance for all risks of loss. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Water Sources One of the District's sources of water is a well owned by the U.S. Department of Interior, Bureau of Land Management (BLM). The District's lease of this well is for a period of 20 years and is due to expire in February 2028. The District has a preferential right for renewal of the lease at the end of this period. Terms of the lease allow the BLM to adjust the rates charged to the District every five years. Currently, the District is charged $.43 per one thousand gallons of water pumped from the well. In March of 2021, a new lease was signed, but the District was paying the new rate of $1.37 per one thousand gallons as of 2020.

The District's other source of water is through the Cañon Heights Irrigation and Reservoir Company. The District owns approximately 20% of the outstanding shares in that Company and leases another 2%.

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Required Supplementary Information
(Pension Schedules Unaudited)

PARK CENTER WATER DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years[1]

Fiscal Year	**District's proportion of the net pension asset (liability)**	**District's proportionate share of the net pension asset (liability)**	**District's covered payroll**	**District's proportionate share of the net pension asset (liability) as a percentage of covered payroll**	**Plan fiduciary net position as a percentage of the total pension liability**
12/31/2020	0.041678%	$ (307,331)	$ 287,013	107.08%	86.26%
12/31/2019	0.046815%	$ (588,567)	$ 307,055	191.68%	75.96%
12/31/2018	0.045471%	$ (506,283)	$ 286,845	176.50%	79.37%
12/31/2017	0.045580%	$ (615,488)	$ 278,399	221.08%	73.65%
12/31/2016	0.045878%	$ (505,380)	$ 260,552	193.97%	76.87%
12/31/2015	0.047128%	$ (422,413)	$ 258,241	163.57%	80.72%
12/31/2014	0.053427%	$ (439,666)	$ 285,039	154.25%	81.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

[1] Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

PARK CENTER WATER DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years[1]

Fiscal Year	Contractually required contributions	Actual contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
12/31/2020	$ 36,394	$ 36,394	$	$ 287,019	12.68%
12/31/2019	$ 38,935	$ 38,935	$ -	$ 307,058	12.68%
12/31/2018	$ 36,372	$ 36,372	$	$ 286,845	12.68%
12/31/2017	$ 35,301	$ 35,301	$ -	$ 278,399	12.68%
12/31/2016	$ 33,038	$ 33,038	$	$ 260,552	12.68%
12/31/2015	$ 32,745	$ 32,745	$ -	$ 258,241	12.68%
12/31/2014	$ 36,143	$ 36,143	$	$ 285,039	12.68%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

[1] Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

PARK CENTER WATER DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years[1]

Fiscal Year	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
12/31/2020	0.0031921%	$ (35,879)	$ 287,039	12.50%	24.49%
12/31/2019	0.0036305%	$ (48,660)	$ 307,059	15.85%	17.03%
12/31/2018	0.0035334%	$ (45,918)	$ 286,863	16.01%	17.54%
12/31/2017	0.0037993%	$ (75,370)	$ 276,275	16.72%	16.70%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

[1] - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

PARK CENTER WATER DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Health Care Trust Fund
Last 10 Fiscal Years[1]

Fiscal Year	Contractually required contributions	Actual contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
12/31/2020	$ 2,928	$ 2,928	$ -	$ 287,059	1.02%
12/31/2019	$ 3,132	$ 3,132	$ -	$ 307,059	1.02%
12/31/2018	$ 2,926	$ 2,926	$ -	$ 286,863	1.02%
12/31/2017	$ 2,818	$ 2,818	$ -	$ 276,275	1.02%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Other Supplementary Information

PARK CENTER WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
Water Fund
FOR THE YEAR ENDED DECEMBER 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	2020			
	Final Budget	Actual	Variance with Final Budget	2019 Actual
Operating Revenues				
Utility Charges	$ 1,100,000	$ 1,090,496	$ (9,504)	$ 1,014,752
Other Charges for Services	4,250	5,880	1,630	24,381
Total Revenues	1,104,250	1,096,376	(7,874)	1,039,133
Operating Expenses				
Personnel Services	415,200	374,169	41,031	309,367
Commodity Charges	76,000	71,144	4,856	26,358
Administrative/Office Expenses	10,665	9,512	1,153	9,977
Insurance	24,000	22,965	1,035	22,930
Operating Supplies	228,000	208,507	19,493	211,027
Professional Fees	34,300	33,828	472	35,771
Repairs and Maintenance	109,500	101,404	8,096	91,275
Travel and Training	13,200	12,448	752	13,749
Telephone and Utilities	33,500	33,707	(207)	38,796
Other Operating Expenses	18,600	19,632	(1,032)	19,218
Other Capital Outlay	72,405	72,405	-	-
Total Expenditures	1,035,370	959,741	75,629	778,162
Operating Income (Loss)	68,880	136,635	67,755	260,971
Other Income (Expense)				
Tax Revenue	24,800	24,775	(25)	23,481
Investment Earnings	3,000	2,860	(140)	6,957
Debt Service	(73,600)	(74,506)	(906)	(74,214)
Gain (Loss) on Sale of Assets	44,000	43,210	(790)	-
Total Other Income (Expense)	(1,800)	(3,661)	(1,861)	(43,776)
Net Income (Loss), Budget Basis	67,080	132,974	65,894	217,195
Contributed Capital				
Plant Investment Fees	15,000	15,000		10,000
Cash in Lieu of Fees	14,000	14,000	-	12,000
Total Contributed Capital	29,000	29,000	-	22,000
Change in Net Position (Budget Basis)	$ 96,080	161,974	$ 65,894	239,195
Budget to GAAP Reconciliation				
Principal Paid		44,473		42,237
Depreciation Expense		(108,582)		(109,996)
Capital Outlay		72,405		-
Change in Net Position - GAAP Basis		170,270		171,436
Net Position, Beginning		1,115,771		944,335
Net Position, Ending		$ 1,286,041		$ 1,115,771

See accompanying Independent Auditors' Report.