

**SAN LUIS VALLEY
WATER CONSERVANCY DISTRICT**

FINANCIAL STATEMENTS

December 31, 2020



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Directors
San Luis Valley Water Conservancy District
Alamosa, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of San Luis Valley Water Conservancy 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.

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 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 from 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 auditors' 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 control. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the San Luis Valley Water Conservancy 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.

Certified Public Accountants

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Other Matters

Required Supplementary Information

The District has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison and pension information as listed in the table of contents 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.

Other 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 other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Wall, Smith, Bateman Inc.
Alamosa, Colorado

August 31, 2021

**SAN LUIS VALLEY
WATER CONSERVANCY DISTRICT
BASIC FINANCIAL STATEMENTS**

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION

December 31, 2020

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 415,791	\$ 1,614,019	\$ 2,029,810
Cash Reserved for CWCBC Loan	-	93,221	93,221
Accounts Receivable	-	76,172	76,172
Less: Allowance for Bad Deb	-	(20,298)	(20,298)
Inventory:			
Water Rights	-	2,714,134	2,714,134
Water Rights in Process	-	41,940	41,940
Due from Other Governments	50,925	-	50,925
Property Taxes Receivable	178,085	-	178,085
Accrued Interest Receivable	-	1,435	1,435
Capital Assets:			
Building	-	366,483	366,483
Leasehold Improvement	-	29,236	29,236
Furniture and Equipment	-	28,799	28,799
Less: Accumulated Depreciation	-	(183,288)	(183,288)
TOTAL ASSETS	644,801	4,761,853	5,406,654
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	4,528	22,579	27,107
OPEB	302	1,229	1,531
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,830	23,808	28,638
LIABILITIES			
Accounts Payable	1,600	84,379	85,979
Unearned Grant Revenue	41,501	-	41,501
Deferred Revenue	-	3,072	3,072
Long-term liabilities:			
Note Payable Due Within One Year	-	48,127	48,127
Note Payable Due in More than One Year	-	1,538,806	1,538,806
Net Pension Liability	13,782	121,470	135,252
Net OPEB Liability	3,218	12,702	15,920
TOTAL LIABILITIES	60,101	1,808,556	1,868,657
DEFERRED INFLOWS OF RESOURCES			
Pensions	10,172	45,662	55,834
OPEB	614	2,639	3,253
Unavailable Revenue - Property Taxes	178,085	-	178,085
TOTAL DEFERRED INFLOWS OF RESOURCES	188,871	48,301	237,172
NET POSITION			
Net Investment in Capital Assets	-	241,230	241,230
Restricted for:			
TABOR	5,984	-	5,984
Debt Service	-	93,221	93,221
Unrestricted	394,675	2,594,353	2,989,028
TOTAL NET POSITION	\$ 400,659	\$ 2,928,804	\$ 3,329,463

The accompanying notes are an integral part of this financial statement.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	TOTAL
Primary Government							
Governmental Activities							
General Government	\$ 133,845	\$ -	\$ -	\$ -	\$ (133,845)	\$ -	\$ (133,845)
Colorado Rio Grande							
Restoration Foundation Fund	519,410	-	527,782	-	8,372	-	8,372
Total Governmental Activities	653,255	-	527,782	-	(125,473)	-	(125,473)
Business-Type Activities							
Water	316,878	662,286	-	-	-	345,408	345,408
Total Business-Type Activities	316,878	662,286	-	-	-	345,408	345,408
Total Primary Government	\$ 970,133	\$ 662,286	\$ 527,782	\$ -	(125,473)	345,408	219,935
General Revenues							
Taxes							
General Property Taxes - Net					170,582	-	170,582
Specific Ownership Taxes					25,518	-	25,518
Other Taxes					342	-	342
Interest Income					1,314	8,221	9,535
Miscellaneous					7,725	-	7,725
Total General Revenues					205,481	8,221	213,702
Transfers					(60,000)	60,000	-
Change in Net Position					20,008	413,629	433,637
Net Position - Beginning of Year					380,651	2,515,175	2,895,826
Net Position - End of Year					\$ 400,659	\$ 2,928,804	\$ 3,329,463

The accompanying notes are an integral part of this financial statement.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2020

	GENERAL FUND	COLORADO RIO GRANDE RESTORATION FOUNDATION FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 303,043	\$ 112,748	\$ 415,791
Accounts Receivable	-	-	-
Due From Other Governments	2,772	48,153	50,925
Due From Other Funds	100	-	100
Property Taxes Receivable	178,085	-	178,085
TOTAL ASSETS	\$ 484,000	\$ 160,901	\$ 644,901
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ (3,610)	\$ 5,210	\$ 1,600
Due to Other Funds	-	100	100
Unearned Grant Revenue	-	41,501	41,501
TOTAL LIABILITIES	(3,610)	46,811	43,201
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	178,085	-	178,085
TOTAL DEFERRED INFLOWS OF RESOURCES	178,085	-	178,085
FUND BALANCE			
Nonspendable:			
Restricted:			
TABOR	5,984	-	5,984
Assigned:			
Special Revenue Fund	-	114,090	114,090
Unassigned	303,541	-	303,541
TOTAL FUND BALANCE	309,525	114,090	423,615
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 484,000	\$ 160,901	\$ 644,901

The accompanying notes are an integral part of this financial statement.

**SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
For the Year Ended December 31, 2020**

Total governmental fund balances \$ 423,615

Amounts reported for governmental activities in the statement of net position are different because:

Deferred results and contributions to pension and OPEB plans made after the measurement date are not recorded as expenditures in the governmental funds but must be deferred in the statement of net position. 4,830

Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds. (17,000)

Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds. (10,786)

Net position of governmental activities \$ 400,659

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended December 31, 2020

	GENERAL FUND	COLORADO RIO GRANDE RESTORATION FOUNDATION FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes			
Current Property Taxes, Net	\$ 170,582	\$ -	\$ 170,582
Specific Ownership Taxes	25,518	-	25,518
Delinquent Taxes and Interest	342	-	342
Total Taxes	196,442	-	196,442
Other Revenues			
Grant Revenues	-	466,813	466,813
Cash Contributions	-	60,969	60,969
Miscellaneous Income	7,725	-	7,725
Interest Income	1,078	236	1,314
Total Other Revenues	8,803	528,018	536,821
TOTAL REVENUES	205,245	528,018	733,263
EXPENDITURES			
Salaries and Fringe Benefits	14,628	115,199	129,827
Directors' Fees	12,900	-	12,900
Travel	5,480	5,708	11,188
Administration	24,604	6,845	31,449
Professional Services	24,425	18,140	42,565
Insurance	6,517	3,797	10,314
Other	23,340	-	23,340
Cooperative Projects	13,000	-	13,000
Equipment	5,677	-	5,677
SLV Radar Project	5,000	-	5,000
Del Norte Riverfront Project	-	240,576	240,576
Rio Grande River	-	13,500	13,500
Five Ditches Project	-	44,250	44,250
Park Creek	-	39,550	39,550
RWEACT	-	18,445	18,445
Other	-	13,400	13,400
TOTAL EXPENDITURES	135,571	519,410	654,981
Excess (deficiency) of revenues over expenditures	69,674	8,608	78,282
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(77,598)	-	(77,598)
Transfers from Other Funds	-	17,598	17,598
TOTAL OTHER FINANCING SOURCES (USES)	(77,598)	17,598	(60,000)
Net Change in Fund Balance	(7,924)	26,206	18,282
Fund Balance, Beginning of Year	317,449	87,884	405,333
Fund Balance, End of Year	\$ 309,525	\$ 114,090	\$ 423,615

The accompanying notes are an integral part of this financial statement.

**SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

Net change in fund balances - total governmental funds	\$ 18,282
Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expenditures.	<u>1,726</u>
Change in net position of governmental activities	<u><u>\$ 20,008</u></u>

The accompanying notes are an integral part of this financial statement.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
PROPRIETARY FUND
STATEMENT OF NET POSITION
December 31, 2020

	2020
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,614,019
Cash Reserved for CWCB Loan	93,221
Accounts Receivable	76,172
Less: Allowance for Bad Debt	(20,298)
Accrued Interest Receivable	1,435
Inventory:	
Water Rights	2,714,134
Total Current Assets	4,478,683
Noncurrent Assets	
Inventory:	
Water Rights in Process	41,940
Capital Assets	
Building	366,483
Leasehold Improvements	29,236
Furniture and Equipment	28,799
Less: Accumulated Depreciation	(183,288)
Total Noncurrent Assets	283,170
TOTAL ASSETS	4,761,853
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	22,579
OPEB	1,229
TOTAL DEFERRED OUTFLOWS OF RESOURCES	23,808
LIABILITIES	
Current Liabilities	
Accounts Payable	84,379
Deferred Revenue	3,072
Current Portion Note Payable - CWCB	48,127
Total Current Liabilities	135,578
Long Term Liabilities	
Note Payable - CWCB	1,538,806
Net Pension Liability	121,470
Net OPEB Liability	12,702
Total Long Term Liabilities	1,672,978
TOTAL LIABILITIES	1,808,556
DEFERRED INFLOWS OF RESOURCES	
Pension	45,662
OPEB	2,639
TOTAL DEFERRED INFLOWS OF RESOURCES	48,301
NET POSITION	
Net Investment in Capital Assets	241,230
Restricted for:	
Debt Service	93,221
Unrestricted	2,594,353
TOTAL NET POSITION	\$ 2,928,804

The accompanying notes are an integral part of this financial statement.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2020

	2020
OPERATING REVENUES	
Sale of Water	\$ 316,985
Net Sale of Water	316,985
Administration Revenue	43,581
Annual Assessments	301,720
Other	-
TOTAL OPERATING REVENUES	662,286
OPERATING EXPENSES	
Salary and Fringe Benefits	119,309
Reservoir Storage Rent	40,220
Professional Services	34,959
Project Maintenance	26,049
Recharge Project / Conveyance Fee	28,393
Depreciation Expense	21,204
Other	282
TOTAL OPERATING EXPENSES	270,416
Operating Income (Loss)	391,870
NONOPERATING REVENUES (EXPENSES)	
Interest Income	8,221
Interest Expense	(46,462)
TOTAL NONOPERATING REVENUES (EXPENSES)	(38,241)
Income (Loss) Before Operating Transfers	353,629
Transfers from Other Fund	60,000
Change in Net Position	413,629
Net Position, Beginning of Year	2,515,175
Net Position, End of Year	\$ 2,928,804

The accompanying notes are an integral part of this financial statement.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sale of water	\$ 344,981
Cash received from annual assessments	301,720
Cash received from administrative revenue	43,581
Cash paid for cost of water sold	(13,833)
Cash paid for salaries and fringe benefits	(127,745)
Cash paid for reservoir storage rent	(40,220)
Cash paid for professional services	(22,501)
Cash paid for project maintenance	(26,049)
Cash paid for recharge project	(10,765)
Cash paid for other expenses	(17,910)
	431,259
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	431,259
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Received from Other Funds	60,000
	60,000
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	60,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payment	(46,462)
Principal payment	(17,922)
Loan Proceeds	(28,837)
	(93,221)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(93,221)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	7,623
	7,623
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	7,623
Net Increase (Decrease) in Cash and Cash Equivalents	405,661
Cash and Cash Equivalents, Beginning of Year	1,301,579
Cash and Cash Equivalents, End of Year	\$ 1,707,240
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities	
Operating Income (Loss)	\$ 391,870
Adjustments to Reconcile Net Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	21,204
(Increase) Decrease in Accounts Receivable	(41,629)
(Increase) Decrease in Water Rights	55,792
Increase (Decrease) in Accounts Payable	12,458
Increase (Decrease) in Deferred Revenue	-
Increase (Decrease) in Pension Liability	(8,077)
Increase (Decrease) in OPEB Liability	(359)
	431,259
Net Cash Provided (Used) by Operating Activities	\$ 431,259

The accompanying notes are an integral part of this financial statement.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the San Luis Valley Water Conservancy District (the District) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*. The District's significant accounting policies are described below.

REPORTING ENTITY

Primary Governments

The San Luis Valley Water Conservancy District was formed in accordance with Colorado Statute 148-1-1 on November 14, 1949. The District is governed by a Board of Directors who are appointed by the 12th Judicial District Judge.

Component Units

The District's combined financial statements 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/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the Colorado Rio Grande Restoration Foundation, a separate legal entity, was blended in the financial statements as a special revenue fund. There are no other component units included in the financial statements of the District, since no others were discovered to fall within the oversight responsibility based on the preceding criteria.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for the governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Colorado Rio Grande Restoration Foundation Fund** is the fund that accounts for the revenues and expenditures for the restoration, improvement, preservation, and protection of the Rio Grande River, its riparian areas, related plant and animal life, and other natural resources, to the benefit of users of the Rio Grande and its communities.

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows. The District's only proprietary fund is the Enterprise Fund, used to account for the District's water rights, water sales, and water purchases. Revenues are derived from the District's water sales and annual assessments. Expenses include the cost of water sold, water storage fees, and professional services.

The proprietary fund is accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are accrued.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Cash

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with an initial maturity of three months or less.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2021 have been recorded in the financial statements as an asset and a corresponding unavailable revenue.

Inventories

Purchased inventories are stated at cost and consist of water rights and augmentation plans owned by the District.

Prepaid Items

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

Capital Assets

Capital Assets which include a building and furniture and equipment are reported in the business-type activity column in the financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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.

Capital assets are depreciated using the straight-line method over the estimated useful lives of 5-20 years.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the statement of net position and the balance sheet report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Property taxes levied for the subsequent year are reported in the statement of net position and recognized as an inflow of resources in the period for which the taxes are levied. In the governmental funds, unavailable property taxes are reported as deferred inflows of resources until the period in which the taxes become available.

Certain amounts related to pensions must be deferred.

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 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 Postemployment Benefits

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.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
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Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net Investment in capital assets* - consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* - amounts that cannot be spent because they are not in spendable form, such as inventory and prepaid expenditures.
- *Restricted Fund Balance* - amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* - amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Directors, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Directors or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* - amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District considers amounts to have

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been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The San Luis Valley Water Conservancy District follows the procedures outlined in the Financial Management Manual – A Guide for Colorado Local Governments – when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15th of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

Stewardship

The Colorado Rio Grande Restoration Foundation is a 501(c)(3) nonprofit, therefore no budget was adopted during 2020.

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NOTE 3 CASH AND DEPOSITS

A summary of Cash and Deposits for the District are as follows:

Cash in Banks and on Hand	\$ 2,123,031
Total cash and deposits on the statement of net position	\$ 2,123,031

Colorado State Statutes govern the District’s deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 the aggregate uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$966,864 of the District’s deposits totaling \$1,201,405 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

NOTE 4 PROPERTY TAXES RECEIVABLE

At December 31, 2020, the District had an estimated property tax receivable in the General Fund of approximately \$178,085.

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2020, consisted of the following:

Enterprise Fund - Assessments Receivable	\$ 76,172
Total Accounts Receivable	\$ 76,172

There is an allowance for bad debts associated with this assessments receivable amounting to (\$20,298) resulting in net accounts receivable of \$55,874.

NOTE 6 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of December 31, 2020, the District had \$50,925 due from federal, state, or local governments, reflected as due from other governments in the accompanying basic financial statements.

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NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

Interfund transfers for the year ended December 31, 2020, were as follows:

Transfer Out	Transfer In	Amount
General Fund	Colorado Rio Grande Restoration Foundation Fund	\$ 17,598
General Fund	Proprietary Fund	60,000
		\$ 77,598

These transfers were made to support the Colorado Rio Grande Restoration Foundation Fund and the Proprietary Fund.

NOTE 8 CAPITAL ASSETS

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

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
Business-Type Activities				
Capital assets not being depreciated				
Leasehold Improvements	\$ 29,236	\$ -	\$ -	\$ 29,236
Total capital assets not being depreciated	29,236	-	-	29,236
Capital assets being depreciated				
Building	366,483	-	-	366,483
Furniture and Equipment	28,799	-	-	28,799
Total capital assets being depreciated	395,282	-	-	395,282
Less accumulated depreciation for:				
Building	140,484	18,324	-	158,808
Furniture and Equipment	21,600	2,880	-	24,480
Total accumulated depreciation	162,084	21,204	-	183,288
Total Capital Assets being depreciated, net	233,198	(21,204)	-	211,994
Business-Type Activities				
Capital Assets, Net	\$ 262,434	\$ (21,204)	\$ -	\$ 241,230

NOTE 9 LONG-TERM LIABILITIES

Changes in Long-Term Debt

During the year ending December 31, 2017, the Colorado Water Conservation Board loaned the District \$1,123,574, including a loan origination fee of 1%, or \$11,124, at an interest rate of 2.50% per annum for a repayment term of 30 years, in annual installments of \$53,682 per year, of which \$28,089 was attributable to interest in fiscal year 2018. Final payment is due May 1, 2047. This loan was used to acquire water rights for the District's augmentation program. The loan is secured with all water activity enterprise revenue pledged to repay the

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loan. The District is required to maintain a reserve equal to the annual payment of \$53,682. As of December 31, 2020, the District was in compliance with this requirement.

During the year ending December 31, 2009, the Colorado Water Conservation Board loaned the District \$727,200, including a loan origination fee of 1%, or \$7,200, at an interest rate of 3.50% per annum for a repayment term of 30 years, in annual installments of \$39,539 per year, of which \$20,989 was attributable to interest in fiscal year 2020. Final payment is due May 1, 2039. This loan was used to acquire water rights for the District's augmentation program. The loan is secured with all water activity enterprise revenue pledged to repay the loan. The District is required to maintain a reserve equal to the annual payment of \$39,539. As of December 31, 2020, the District was in compliance with this requirement.

The following summarizes the District's long-term liabilities for the year ended December 31, 2020:

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Principal</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities					
Colorado Water					
Conservation Board	\$ 1,633,692	\$ -	\$ 46,759	\$ 1,586,933	\$ 48,127

The annual debt service for the loan is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 48,127	\$ 45,094	\$ 93,221
2022	49,534	43,687	93,221
2023	50,987	42,234	93,221
2024	52,482	40,739	93,221
2025	54,022	39,199	93,221
2026-2030	294,887	171,215	466,102
2031-2035	341,010	125,093	466,103
2036-2040	355,038	71,526	426,564
2041-2045	237,379	31,030	268,409
2046-2047	103,467	3,896	107,363
Total	<u>\$ 1,586,933</u>	<u>\$ 613,713</u>	<u>\$ 2,200,646</u>

NOTE 10 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by 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

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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, there are no annual increase in 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 lessor 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. 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.

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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 January 1, 2020 through December 30, 2020 are summarized below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee Contribution (all employees except State Troopers)	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).

The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2019 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 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 \$17,076, 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 \$135,252 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 0.0185 percent, which was a decrease of 0.0001 from its proportion measured as of December 31, 2018.

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For the year ended December 31, 2020, the District recognized pension expense of (\$8,436). 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
Difference between expected and actual experience	\$ 8,851	\$ -
Changes of assumptions or other inputs	-	55,333
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,180	501
Contributions subsequent to the measurement date	17,076	-
Total	\$ 27,107	\$ 55,834

\$17,076 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	
2021	\$ (8,582)
2022	(15,988)
2023	(2,353)
2024	(18,880)
2025	-
Thereafter	-

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) ¹	1.25 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) ¹	Financed by the Annual Increase Reserve

¹ For 2019, the annual increase was 0.00 percent.

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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.
- **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, 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.

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.

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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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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 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%.
- 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%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. 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.

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- 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, the 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’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%)
Proportionate share of the net pension liability	\$ 248,445	\$ 135,252	\$ 40,055

Pension plan fiduciary net position- Detailed information about the LGDTS’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.

NOTE 11 DEFINED BENEFITS OTHER POST-EMPLOYMENT BENEFITS (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 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

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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.

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 \$1,346 for the year ended December 31, 2020.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

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 \$15,920 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 proportion was 0.0014 percent, which was a decrease of 0.00003 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized OPEB expense of (\$83). 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
Difference between expected and actual experience	\$ 53	\$ 2,675
Changes of assumptions or other inputs	-	266
Net difference between projected and actual earnings on OPEB plan investments	132	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	312
Contributions subsequent to the measurement date	1,346	-
Total	<u>\$ 1,531</u>	<u>\$ 3,253</u>

\$1,346 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	
2021	\$ (657)
2022	(657)
2023	(580)
2024	(564)
2025	(575)
Thereafter	5

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

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

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 for 2019, gradually decreasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>	<u>Premiums for Members Without Medicare Part A</u>
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:

<u>Medicare Plan</u>	<u>Cost for Members Without Medicare Part A</u>
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.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

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:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
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.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

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.

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.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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'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	\$ 15,541	\$ 15,920	\$ 16,667

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

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

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.

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%)
Proportionate share of the net OPEB liability	\$ 18,000	\$ 15,920	\$ 14,408

OPEB plan fiduciary net position. 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.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Grant Programs

The District participates in a number of federal and state programs. These programs are subject to program compliance audits by the grantors and their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts to be immaterial.

COVID-19

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 13 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve has been presented as restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 14 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. There have been no claims from these risks for the current year or the three prior years.

**SAN LUIS VALLEY
WATER CONSERVANCY DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes				
Current Property Taxes, Net	\$ 171,496	\$ 171,496	\$ 170,582	\$ (914)
Specific Ownership Taxes	23,500	23,500	25,518	2,018
Delinquent Taxes and Interest	250	250	342	92
Total Taxes	<u>195,246</u>	<u>195,246</u>	<u>196,442</u>	<u>1,196</u>
Other Revenues				
Miscellaneous	8,100	8,100	7,725	(375)
Interest Income	700	700	1,078	378
TOTAL REVENUES	<u>204,046</u>	<u>204,046</u>	<u>205,245</u>	<u>1,199</u>
EXPENDITURES				
Salaries and Fringe Benefits	15,735	15,735	14,628	1,107
Directors' Fees	16,000	16,000	12,900	3,100
Travel	18,000	18,000	5,480	12,520
Administration	32,205	32,205	24,604	7,601
Professional Services	25,620	25,620	24,425	1,195
Insurance	8,000	8,000	6,517	1,483
Other	24,700	24,700	23,340	1,360
Cooperative Projects	11,000	11,000	13,000	(2,000)
Equipment	6,000	6,000	5,677	323
SLV Radar Project	5,000	5,000	5,000	-
TOTAL EXPENDITURES	<u>162,260</u>	<u>162,260</u>	<u>135,571</u>	<u>26,689</u>
Excess (deficiency) of revenues over expenditures	<u>41,786</u>	<u>41,786</u>	<u>69,674</u>	<u>27,888</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	<u>(53,035)</u>	<u>(53,035)</u>	<u>(77,598)</u>	<u>(24,563)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(53,035)</u>	<u>(53,035)</u>	<u>(77,598)</u>	<u>(24,563)</u>
Net Change in Fund Balance	(11,249)	(11,249)	(7,924)	3,325
Fund Balance, Beginning of Year	<u>311,103</u>	<u>311,103</u>	<u>317,449</u>	<u>6,346</u>
Fund Balance, End of Year	<u>\$ 299,854</u>	<u>\$ 299,854</u>	<u>\$ 309,525</u>	<u>\$ 9,671</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
COLORADO RIO GRANDE RESTORATION
FOUNDATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Grant Revenues	\$ -	\$ -	\$ 466,813	\$ 466,813
Cash Contributions	-	-	60,969	60,969
Interest Income	-	-	236	236
TOTAL REVENUES	-	-	528,018	528,018
EXPENDITURES				
Salary and Fringe Benefits	-	-	115,199	(115,199)
Travel	-	-	5,708	(5,708)
Administration	-	-	6,845	(6,845)
Professional Services	-	-	18,140	(18,140)
Insurance	-	-	3,797	(3,797)
Del Norte Riverfront Project	-	-	240,576	(240,576)
Rio Grande River	-	-	13,500	(13,500)
Five Ditches Project	-	-	44,250	(44,250)
Park Creek	-	-	39,550	(39,550)
RWEACT	-	-	18,445	(18,445)
Other	-	-	13,400	(13,400)
TOTAL EXPENDITURES	-	-	519,410	(519,410)
Excess (deficiency) of revenues over expenditures	-	-	8,608	8,608
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	-	-	17,598	17,598
TOTAL OTHER FINANCING SOURCES (USES)	-	-	17,598	17,598
Net Change in Fund Balance	-	-	26,206	26,206
Fund Balance, Beginning of Year	-	-	87,884	87,884
Fund Balance, End of Year	\$ -	\$ -	\$ 114,090	\$ 114,090

Notes to Required Supplementary Information

The component unit is a non-profit organization.
No budget is prepared for this organization.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA LGDTF PENSION PLAN
For the Years Ended December 31,

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0184922487%	0.0186098426%	0.0180016662%	0.0190113114%	0.0273772554%	0.0199922970%	0.2004520900%
District's proportionate share of the net pension liability (asset)	\$ 135,252	\$ 233,967	\$ 200,437	\$ 256,720	\$ 301,585	\$ 179,192	\$ 164,956
District's covered payroll	\$ 131,920	\$ 127,346	\$ 122,061	\$ 113,562	\$ 115,232	\$ 155,482	\$ 109,552
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	103%	184%	164%	226%	262%	115%	151%
Plan fiduciary net position as a percentage of the total pension liability	86.26%	75.96%	79.4%	73.6%	76.9%	80.7%	77.7%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information for those years for which information is available.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA LGDTF PENSION PLAN
For the Years Ended December 31,

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 17,076	\$ 16,148	\$ 15,477	\$ 14,400	\$ 14,611	\$ 19,715	\$ 13,891	\$ 13,560
Contributions in relation to the contractually required contribution	(17,076)	(16,148)	(15,477)	(14,400)	(14,611)	(19,715)	(13,891)	(13,560)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	131,920	127,346	122,061	113,562	115,232	155,482	109,552	106,944
Contributions as a percentage of covered payroll	12.94%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

**SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
COLORADO PERA HEALTH CARE TRUST FUND
For the Years Ended December 31,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0014162810%	0.0014431949%	0.0013988080%	0.0014593769%
District's proportionate share of the net OPEB liability	\$ 15,919	\$ 19,635	\$ 18,179	\$ 18,921
District's covered payroll	\$ 131,920	\$ 127,346	\$ 122,061	\$ 113,562
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12%	15%	15%	17%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.5%	16.7%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
COLORADO PERA HEALTH CARE TRUST FUND
For the Years Ended December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,346	\$ 1,299	\$ 1,245	\$ 1,158
Contributions in relation to the contractually required contribution	<u>(1,346)</u>	<u>(1,299)</u>	<u>(1,245)</u>	<u>(1,158)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 131,920	\$ 127,346	\$ 122,061	\$ 113,562
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years which information is available.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended December 31, 2020

NOTE 1 NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2019 The post-retirement benefit increased to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.

2018 The Post-retirement benefit increase were changed for the PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) from 2% to 0% through 2019 and 1.5% compounded annually thereafter.

2017 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

2016

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- Salary increases, including wage inflation was lowered from 3.90 – 10.85 percent to 3.90 – 10.45 percent
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The discount rate was lowered from 7.50% to 7.25%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 7.25%.

2015

The following program changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

2014 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended December 31, 2020

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2019

- The PERA Benefit structure for PERACare medicare plans was revised from 5.00 percent to 5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029.
- The PERA Benefit structure for Medicare Part A premiums was revised form 3.25 percent for 2018, gradually rising to 5.00 percent in 2025 to 3.50 in 2019, gradually increasing to 4.50 percent in 2029.
- The monthly cost/premiums assumed for the PERA benefit structure were revised from the following in 2018:

<u>Medicare Plan</u>	<u>Cost for Members without Medicare Part A</u>	<u>Premiums for Members without Medicare Part A</u>
Self-funded Medicare Supplement Plans	\$ 736	\$ 367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthCare Medicare HMO	686	213

to the following in 2019:

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

- The Medicare Part A premium was increased from \$422 to \$437 per month.
- The initial expected value of Medicare Part A benefits were revised from the following in 2018:

<u>Medicare Plan</u>	<u>Cost for Members without Medicare Part A</u>
Self-funded Medicare Supplement Plans	\$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

to the following in 2019:

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

2018 Health care cost trend rates PERA benefit structure for Medicare Part A premiums were raised from 3% for 2017, gradually rising to 4.25% in 2023 to 3.25% for 2018, gradually rising to 5% in 2025.

2017 There were no changes in assumptions or other inputs effective this measurement period compared to the prior year.

**SAN LUIS VALLEY
WATER CONSERVANCY DISTRICT
SUPPLEMENTARY INFORMATION**

SAN LUIS VALLEY WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL (NON GAAP)
ENTERPRISE FUND
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
OPERATING REVENUES				
Sale of Water	\$ 70,000	\$ 70,000	\$ 316,985	\$ 246,985
Administration Revenue	12,100	12,100	43,581	31,481
Annual Assessments	291,353	291,353	301,720	10,367
Other	-	-	-	-
TOTAL OPERATING REVENUES	373,453	373,453	662,286	288,833
OPERATING EXPENSES				
Salary and Fringe Benefits	123,330	123,330	119,309	4,021
Reservoir Storage Rent	68,000	68,000	40,220	27,780
Professional Services	64,500	64,500	34,959	29,541
Project Maintenance	25,000	25,000	26,049	(1,049)
Recharge Project / Conveyance Fee	25,250	25,250	28,393	(3,143)
Other	1,500	1,500	282	1,218
TOTAL OPERATING EXPENSES	307,580	307,580	249,212	58,368
Operating Income (Loss)	65,873	65,873	413,074	347,201
NONOPERATING REVENUES (EXPENSES)				
Interest Income	5,720	5,720	8,221	2,501
Debt Principal Payment	-	-	-	-
Debt Interest Expense	(93,221)	(93,221)	(46,462)	46,759
TOTAL NONOPERATING REVENUES (EXPENSES)	(87,501)	(87,501)	(38,241)	49,260
Income (Loss)- Before Operating Transfers	(21,628)	(21,628)	374,833	396,461
Transfers from Other Fund	35,000	35,000	60,000	25,000
Net Income (Loss) - Budget Basis	13,372	13,372	434,833	\$ 421,461
Add: Principal Payment on Debt			-	
Less: Depreciation Expense			(21,204)	
Net Income (Loss)			413,629	
Net Position, Beginning of Year	2,470,281	2,470,281	2,515,175	
Net Position, End of Year	\$ 2,483,653	\$ 2,483,653	\$ 2,928,804	