

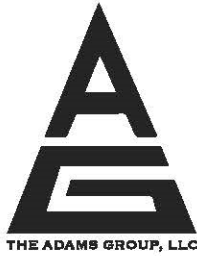
WELL AUGMENTATION
SUBDISTRICT OF CENTRAL
COLORADO WATER CONSERVANCY
DISTRICT

FINANCIAL STATEMENTS

Year Ended December 31, 2020

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Well Augmentation Subdistrict of the
Central Colorado Water Conservancy District
Greeley, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Well Augmentation Subdistrict of the Central Colorado Water Conservancy District (the Subdistrict), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Subdistrict'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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 Subdistrict as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the GASB required Pension and OPEB schedules 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 Subdistrict's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules are the responsibility of management and were derived from and relate 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 budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Adams Group, LLC

September 21, 2021
Denver, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of Well Augmentation Subdistrict of the Central Colorado Water Conservancy District (the Subdistrict) for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the Subdistrict's financial performance.

FINANCIAL HIGHLIGHTS

- The Subdistrict's assets exceeded liabilities and deferred inflows by \$14 million at December 31, 2020.
- The General Fund balance was \$7,602,457 as of December 31, 2020. Of this amount, \$60,585 is reserved for emergencies.
- The December 31, 2020 General Fund balance is \$4,862,613 more than the previous year-end. The total fund balance is 143% of 2020 General Fund operating expenditures.
- The Debt Service Fund has net position of \$8.2 million at December 31, 2020.
- The Water Enterprise Fund has net position of \$236,481 at December 31, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Subdistrict's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Subdistrict's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Subdistrict's assets, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the Subdistrict's financial position is improving or deteriorating.

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

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

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

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

The Subdistrict maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, each of which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 12 to 15 of this report.

Proprietary Funds. The Subdistrict maintains one type of a proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Subdistrict uses enterprise funds to account for its water services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund which is considered to be a major fund of the Subdistrict.

The basic proprietary fund financial statements can be found on pages 16 to 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 46 of this report.

Budgetary Comparisons. The Subdistrict adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund on page 50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2020, assets exceeded liabilities by \$14,261,441.

The following table provides a summary of the Subdistrict's net position:

December 31	2020		2019	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Assets				
Current and other assets	\$ 18,452,690	\$ 236,481	\$12,416,233	\$182,314
Capital assets	21,364,568	--	19,125,405	--
Total Assets	39,817,258	236,481	31,541,638	182,314
Deferred Outflows				
Pensions/OPEB	65,861	--	276,252	--
Liabilities				
Current and other liabilities	651,044	--	1,725,329	--
Long-term liabilities	22,180,729	--	14,675,463	--
Total Liabilities	22,831,773	--	16,403,792	--
Deferred Inflows				
Property taxes	2,895,822	--	2,207,831	--
Pensions/OPEB	130,564	--	--	--
Net Position				
Net investment in capital assets	3,990,689	--	3,191,640	--
Restricted	7,951,776	--	7,661,160	--
Unrestricted	2,082,495	236,481	2,353,467	182,314
Total Net Position	\$ 14,024,960	\$ 236,481	\$13,206,267	\$182,314

A portion of The Subdistrict's net position represents unrestricted net position of \$2,318,976 which may be used to meet the Subdistrict's ongoing obligations to citizens and creditors.

Another significant portion of the Subdistrict's net position reflects its investment in capital assets. These assets include water rights and projects, buildings, and equipment. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The only long-term debt is the bonds and leases issued for construction of Subdistrict utility systems and water projects.

An additional \$7,951,776 of the Subdistrict's net position represents resources that are subject to external restrictions on how they may be used. Included in this category are the TABOR emergency reserve and the debt service fund balance.

The following table indicates the changes in net position:

Years Ended December 31	2020		2019	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Revenues:				
Program revenues:				
Charges for services	\$ 1,304,887	\$ 53,350	\$1,382,083	\$53,350
General revenues:				
Property taxes	2,214,540	--	2,455,005	--
Investment earnings	50,168	817	221,845	3,179
Total revenues	3,569,595	54,167	4,058,933	56,529
Expenses:				
Personnel	367,262	--	233,660	--
Maintenance	110,035	--	94,640	--
Professional fees	188,571	--	299,422	--
Water lease	830,238	--	789,364	--
Utilities	41,971	--	63,920	--
Travel and meals	8,067	--	12,875	--
Other	67,783	--	182,193	--
Supplies	108,932	--	72,247	--
Depreciation	321,910	--	289,350	--
Interest on long-term debt	706,133	--	327,237	--
Water enterprise	--	--	--	--
Total expenses	2,750,902	--	2,364,857	--
Increase in net position	\$ 818,693	\$ 54,167	\$1,694,076	\$56,529

Governmental Activities. Governmental activities increased the Subdistrict's net position by \$818,693 in 2020. Key elements of this increase are as follows:

- Total revenues decreased approximately 12%, due to lower property taxes.
- Expenses increased approximately 16% from the previous year, from increased interest costs.

Business-Type Activities. Business-type activities (i.e. water) increased the Subdistrict's net position by \$54,167 in 2020. This was primarily due to assessments.

FINANCIAL ANALYSIS OF THE SUBDISTRICT'S FUNDS

As noted earlier, the Subdistrict uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of December 31, 2020, the total fund balances of the Subdistrict's governmental funds were \$15.8 million. Approximately 13% of this consists of unrestricted fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is restricted to indicate that it is not available for new spending because it is for the following purposes: a state-constitution mandated emergency reserve (\$60,585); debt service purposes (\$8,188,657); and capital projects (\$5,414,450).

The Subdistrict has two major governmental funds:

1. **General Fund.** This is the primary operating fund of the Subdistrict. It accounts for the Subdistrict's core governmental services. The General Fund balance was \$7,602,457 as of December 31, 2020. The 2020 fund balance is \$4,862,613 more than the previous year.
2. **Debt Service Fund.** The Debt Service Fund accounts for the repayment of the Subdistrict's debt. The fund balance at December 31, 2020 was \$8,188,657.

The Subdistrict has one major enterprise fund, the Water Fund:

1. **Water Fund.** The Water Fund accounts for service charges and expenses of operating the Subdistrict's water enterprise. The Water Fund net position at December 31, 2020 is \$236,481. Net position increased by \$54,167 during the year due to water assessments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Subdistrict's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

	Final Budget	Actual
Beginning Fund Balance	\$ 2,739,844	\$ 2,739,844
Revenue and Financing Proceeds	9,758,291	10,187,343
Expenditures	(11,682,950)	(5,324,730)
Ending Fund Balance	\$ 815,185	\$ 7,602,457

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Subdistrict's investment in capital assets for its governmental and business-type activities as of December 31, 2020 totals approximately \$21.4 million (net of accumulated depreciation). This investment includes all land, water rights, buildings, and equipment and water projects. The total net increase in investment in capital assets for the current year was \$3,028,801 or 16%, due to capital additions being more than depreciation expenses.

The Subdistrict implemented the straight-line depreciation method for its capital assets, except for land and water rights which are not depreciated.

Additional information on the Subdistrict's capital assets can be found in Note 3 of this report.

Long-term Debt. At December 31, 2020, the Subdistrict had approximately \$22.8 million of water loans and bonds payable, funded by assessments and property taxes

Additional information on the Subdistrict's debt can be found in Note 6.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Well Augmentation Subdistrict finances for all those with an interest in the Subdistrict's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Subdistrict, 3209 W. 28th Street, Greeley, Colorado 80634.

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

STATEMENT OF NET POSITION

December 31, 2020	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and investments	\$ 14,183,103	\$ 236,481	\$ 14,419,584
Receivables:			
Property taxes	2,895,822	-	2,895,822
Utility accounts	233,113	-	233,113
Prepaid items	347,549	-	347,549
Capital Assets:			
Land and water rights	9,208,971	-	9,208,971
Depreciable	12,155,597	-	12,155,597
Cash and investments -Restricted	793,103	-	793,103
Total Assets	39,817,258	236,481	40,053,739
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pensions/OPEB	65,861	-	65,861
<u>LIABILITIES</u>			
Accounts payable	(173)	-	(173)
Due to District	(579,595)	-	(579,595)
Accrued interest payable	297,466	-	297,466
Long-Term Debt:			
Net OPEB liability	34,303	-	34,303
Net pension liability	291,444	-	291,444
Due within one year	607,599	-	607,599
Due in more than one year	22,180,729	-	22,180,729
Total Liabilities	22,831,773	-	22,831,773
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property Taxes	2,895,822	-	2,895,822
Pensions/OPEB	130,564	-	130,564
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,990,689	-	3,990,689
Restricted for:			
Debt Service and TABOR	7,951,776	-	7,951,776
Unrestricted	2,082,495	236,481	2,318,976
TOTAL NET POSITION	\$ 14,024,960	\$ 236,481	\$ 14,261,441

See Accompanying Notes to Financial Statements.

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES**

Year Ended December 31, 2020	Expenses	Charges for Services	Program Operating Grants and Contributions
Functions/Programs:			
Governmental Activities:			
Personnel	\$ 367,262	\$ -	\$ -
Maintenance	431,945	-	-
Professional fees	188,571	-	-
Water leases	830,238	1,022,710	-
Utilities	41,971	-	-
Travel and meals	8,067	-	-
Other	67,783	282,177	-
Supplies	108,932	-	-
Interest on long-term debt	706,133	-	-
Total Governmental Activities	2,750,902	1,304,887	-
Business-Type Activities:			
Water Enterprise Fund	-	53,350	-
Total Business-Type Activities	-	53,350	-
TOTAL	\$2,750,902	\$1,358,237	\$ -

General Revenue:

Property taxes

Investment earnings

Total General Revenue

Change in Net Position

Net Position - Beginning

NET POSITION - Ending

See Accompanying Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Revenue			
Capital Contributions	Governmental Activities	Business- Type Activities	Total
\$ -	\$ (367,262)	\$ -	\$ (367,262)
-	(431,945)	-	(431,945)
-	(188,571)	-	(188,571)
-	192,472	-	192,472
-	(41,971)	-	(41,971)
-	(8,067)	-	(8,067)
-	214,394	-	214,394
-	(108,932)	-	(108,932)
-	(706,133)	-	(706,133)
-	(1,446,015)	-	(1,446,015)
-	-	53,350	53,350
-	-	53,350	53,350
\$ -	(1,446,015)	53,350	(1,392,665)
	2,214,540	-	2,214,540
	50,168	817	50,985
	2,264,708	817	2,265,525
	818,693	54,167	872,860
	13,206,267	182,314	13,388,581
	\$14,024,960	\$ 236,481	\$14,261,441

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

BALANCE SHEET

December 31, 2020	General Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 6,772,298	\$ 7,410,805	\$ 14,183,103
Cash - restricted	-	793,103	793,103
Accounts receivable	227,328	5,785	233,113
Property taxes receivable	804,388	2,091,434	2,895,822
Prepaid items	226,939	-	226,939
Total Assets	\$ 8,030,953	\$ 10,301,127	\$ 18,332,080
<u>LIABILITIES</u>			
Accounts payable	\$ (173)	\$ -	\$ (173)
Due to District	(579,595)	-	(579,595)
Due to (from) other funds	(21,036)	21,036	-
Total Liabilities	(600,804)	21,036	(579,768)
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Property Taxes/Revenue	1,029,300	2,091,434	3,120,734
<u>FUND BALANCES</u>			
Nonspendable	226,939	-	226,939
Restricted for:			
TABOR emergencies	60,585	-	60,585
Debt Service	-	8,188,657	8,188,657
Capital Projects	5,414,450	-	5,414,450
Unassigned	1,900,483	-	1,900,483
Total Fund Balances	7,602,457	8,188,657	15,791,114
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,030,953	\$ 10,301,127	\$ 18,332,080

Continued on next page.

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS**

December 31, 2020	Total Governmental Funds
Amounts reported for governmental activities in the statement of net position are different because:	\$ 15,791,114
Total fund balance - governmental funds	
Bond insurance is reflected as a prepaid expense on the statement of net position	120,610
Capital assets used in governmental activities are not financial resources and are not reported in the funds	21,364,568
The proportionate share of net pension liability, deferred outflows of resources, and deferred inflows of resources related to their participation in the Colorado PERA is not recorded in governmental funds but is recorded in the statement of net position	(354,653)
The proportionate share of net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to their participation in the Colorado PERA is not recorded in governmental funds but is recorded in the statement of net position	(35,797)
Federal grants not collected timely to be available as current financial resources:	224,912
Accrued interest payable is not included in the funds	(297,466)
Long-term loans are not due and payable in the current period and therefore are not reported in the funds	(22,788,328)
Net Position of Governmental Activities	\$ 14,024,960

See Accompanying Notes to Financial Statements.

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Year Ended December 31, 2020	General Fund	Debt Service Fund	Total Governmental Funds
Revenue:			
Taxes	\$ 698,378	\$ 1,516,162	\$ 2,214,540
Interest income	16,220	33,948	50,168
Water assessments	1,022,710	-	1,022,710
Miscellaneous	282,177	-	282,177
Total Revenue	2,019,485	1,550,110	3,569,595
Expenditures:			
Operating expenditures	1,693,998	22,749	1,716,747
Debt service:			
Principal	-	523,657	523,657
Interest	-	452,317	452,317
Issuance costs	267,849	-	267,849
Capital outlay	3,362,883	-	3,362,883
Total Expenditures	5,324,730	998,723	6,323,453
Revenue Over (Under) Expenditures	(3,305,245)	551,387	(2,753,858)
Other Financing Sources:			
Proceeds of debt	7,785,201	-	7,785,201
Proceeds of premium	382,657	-	382,657
Net Change in Fund Balances	4,862,613	551,387	5,414,000
Fund Balance, January 1	2,739,844	7,637,270	10,377,114
Fund Balance, December 31	\$ 7,602,457	\$ 8,188,657	\$ 15,791,114

Continued on next page.

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

Year Ended December 31, 2020	Total Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 5,414,000
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions exceeded depreciation expense and loss on disposals in the year	3,028,801
The issuance of long-term debt and obligations provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences	(7,644,201)
Changes in the Subdistrict's proportionate share of net pension liability, deferred inflows and outflows of resources related to Colorado PERA for the current year are not reported in governmental funds but are reported in the Statement of Net Position	5,589
Changes in the Subdistrict's proportionate share of net OPEB liability, deferred inflows and outflows of resources related to Colorado PERA for the current year are not reported in governmental funds but are reported in the Statement of Net Position	471
Federal grants not collected timely to be available as financial resources of the current year	-
Bond insurance is amortized over the life of the 2020 bond issue but is a current expenditures in the governmental funds.	120,610
Certain expenses, such as interest expenese, reported in the statement of activites does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	(106,577)
Change in Net Position of Governmental Activities	\$ 818,693

See Accompanying Notes to Financial Statements.

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND**

STATEMENT OF NET POSITION

December 31, 2020	Water Enterprise Fund
<u>ASSETS</u>	
Current Assets:	
Cash and Investments	\$ 236,481
Accounts receivable	-
Total Current Assets	236,481
Capital Assets:	
Water rights	-
Assets being depreciated	-
Accumulated depreciation	-
Total Capital Assets	-
Total Assets	236,481
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Property Taxes	-
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	-
Current portion of long-term liabilities	-
Total Current Liabilities	-
Long-Term Liabilities:	
Capital lease payable	-
Total Long-Term Liabilities	-
Total Liabilities	-
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pensions	-
<u>NET POSITION</u>	
Net Investment in Capital Assets	-
Unrestricted	236,481
TOTAL NET POSITION	\$ 236,481

See Accompanying Notes to Financial Statements.

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND**

**STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION**

Year Ended December 31, 2020	Water Enterprise Fund
Operating Revenue:	
Assessments	\$ 53,350
Total Operating Revenue	53,350
Operating Expenses:	
Personnel	-
Supplies	-
Utilities	-
Repairs and maintenance	-
Depreciation	-
Total Operating Expenses	-
Operating Income (Loss)	53,350
Nonoperating Revenue (Expenses):	
Investment earnings	817
Miscellaneous	-
Net Nonoperating Income	817
Change in Net Position	54,167
Fund Net Position, January 1	182,314
Fund Net Position, December 31	\$ 236,481

See Accompanying Notes to Financial Statements.

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

STATEMENT OF CASH FLOWS

Year Ended December 31	2020
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 53,350
Payments to suppliers and employees	-
Net Cash Provided by Operating Activities	53,350
Cash Flows from Capital and Related Financing Activities:	
Debt payments	-
Net Cash Used by Capital and Related Financing Activities	-
Cash Flows from Noncapital Financing Activities:	
Other non-operating revenue	-
Net Cash Provided by Noncapital Financing Activities	-
Cash Flows from Investing Activities:	
Interest and dividends received	817
Net Cash Flows from Investing Activities	817
Net Increase in Cash and Cash Equivalents	54,167
Cash and Cash Equivalents, Beginning of Year	182,314
Cash and Cash Equivalents, End of Year	\$ 236,481

Reconciliation of Operating Income to Net Cash Provided by

Operating Activities:	
Operating income	\$ 53,350
Depreciation expense	-
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	-
Prepaid expenses	-
Increase (decrease) in:	
Accounts payable and accrued expenses	-
Net pension liability and deferrals	-

Net Cash Provided by Operating Activities \$ 53,350

Disclosure of Noncash Investing Activities:

Capital assets acquired through leases \$ -

See Accompanying Notes to Financial Statements.

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies:

This summary of the Well Augmentation Subdistrict (the Subdistrict) significant accounting policies is to assist the reader with interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

Form of Organization:

On January 8, 2004, pursuant to the applicable provisions of the Water Conservancy Act of the State of Colorado, the District Court in and for Weld County, Colorado, approved the creation and establishment of a subdistrict of Central Colorado Water Conservancy District (CCWCD) to be known as the Well Augmentation Subdistrict of Central Colorado Water Conservancy District (the Subdistrict). In addition to providing for the conservation of the water resources of the State of Colorado for the greatest beneficial use of water within the state, the Subdistrict has developed a plan of augmentation which will replace the depletion of the river caused by underground water users in the South Platte River basin.

Scope of Reporting Entity:

The financial statements of the Subdistrict have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity:

For financial reporting purposes, management has considered all potential component units in defining the Subdistrict. The basic criterion for including a potential component unit is the Subdistrict's ability to exercise significant operational control or financial accountability with the Subdistrict. Financial relationship or operational control is determined on the basis of the Subdistrict's obligation to fund deficits, responsibility for debt, budgetary authority, fiscal management, selection of governing authority and/or management, and the ability to significantly influence operations.

In 2019, the Subdistrict adopted Statement 90 of the Governmental Accounting Standards Board, *Majority Equity Interests*. The Subdistrict owns 95% of the Cole Ditch Company which is reflected as a blended component unit. Separate financial statements of the Cole Ditch Company are not available.

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Financial Reporting Entity – Continued:

The Subdistrict is a blended component unit of the CCWCD, and is included in the basic financial statements of CCWCD because CCWCD's Board of Directors is substantially the same as the Subdistrict's, and the Subdistrict provides specific financial benefits to CCWCD. Only the accounts of the Subdistrict are included herein; therefore, these financial statements do not purport to represent the position or results of operation of CCWCD. The financial date of the Subdistrict is included in the annual report of CCWCD.

Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the subdistrict. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

The Subdistrict reports the following major governmental funds:

The *General Fund* is the Subdistrict's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for the debt service requirements of the Subdistrict.

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Government-wide and Fund Financial Statements – Continued:

An *enterprise fund* is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Subdistrict reports the following major proprietary fund:

The *Water Enterprise Fund* accounts for user charges and the expenses for operating, financing, and maintaining the Subdistrict's water enterprise system.

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.

Accounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues 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. The principal operating revenues of the water enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Subdistrict's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Subdistrict considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

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*, as are the proprietary funds. 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are 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.

Property taxes, intergovernmental grants, interest revenue, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Subdistrict.

Cash Equivalents:

For purposes of the statement of cash flows, the Subdistrict considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments:

Investments are reported at fair value.

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Receivables:

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2020.

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The Subdistrict uses the County Treasurer to bill and collect its property taxes. Property taxes levied on December 31, 2020 are identified as property taxes receivable and deferred inflows of resources.

Short-Term Interfund Receivables/Payables:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position and, classified as due from other funds or due to other funds on the balance sheet.

Prepaid Items:

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items and will be reported as expenditures in the following year. Because these assets do not represent current financial resources, these amounts are shown as a nonspendable fund balance in the governmental funds.

Capital Assets:

Capital assets purchased or acquired with an original cost of \$5,000 or more are stated at cost except for easements which are stated at cost for those of \$50,000 or more. The cost of maintenance and repairs is charged against income as incurred; significant renewals, betterments, and improvements are capitalized.

Depreciation has been computed using the straight-line method based on lives of 50 to 100 years for the water projects and 5 to 40 years for equipment, vehicles and the office building.

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Deferred Outflows and Inflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Subdistrict has one item that qualifies for reporting in this category: changes in the net pension/OPEB liability not included in pension/OPEB expense reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Subdistrict has two items that qualify for reporting in this category: changes in the net pension/OPEB liability not included in pension/OPEB expense reported in the government-wide statement of net position and the deferred portion of property taxes and FEMA receivables.

Compensated Absences:

Employees of the Subdistrict are entitled to paid vacation time depending on length of service. Accrued compensated absences of employees are recorded by the Central Colorado Water Conservancy District.

Budgets:

Colorado state law requires the adoption of an annual budget. Appropriations lapse at the end of each year. The budget and related appropriations are prepared on the budgetary basis, which differs from accounting principles generally accepted in the United States, in that:

- * Capital outlays are budgeted as expenditures.
- * Depreciation is not budgeted.

The Subdistrict's Board of Directors adopts total budget appropriations for each of its funds. This is normally done in December of each year when notice is published in local newspapers and the proposed budget is held open for inspection by the taxpayers and a public hearing is held. The Board may transfer budget amounts between departments within any fund; however, any revision that alters the total appropriation of any fund requires that a budget revision be adopted by resolution in the same manner described above for adoption of the original budget. The level of budgetary responsibility is by total fund appropriations.

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Funds Balance and Net Position:

In the government-wide financial statements, net position is classified in the following categories:

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

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislations.

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

In the funds financial statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the Board). The Board is the highest level of decision making authority for the Subdistrict. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has authority to assign amounts for specific purposes.

Unassigned – all other spendable amounts. The General Fund is the only fund that would report a positive unassigned fund balance. However, in government funds other than the General Fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned balance in that fund.

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Pensions:

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

Other Postemployment Benefits (OPEB):

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

NOTE 2 – Cash and Investments:

A summary of deposits and investments at December 31, 2020, follows:

Bank Deposits	\$ 18,358
Investments	15,194,329
Total cash and investments	\$ 15,212,687
<hr/>	
Cash and investments	\$ 14,419,584
Cash and investments-restricted	793,103
Total cash and investments	\$ 15,212,687

The Subdistrict's bank balance at year-end of \$18,358 was entirely covered by federal depository insurance and there were no uninsured balances covered by collateral held by the custodial bank under provisions of the Colorado Public Deposit Protection Act.

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Cash and Investments – Continued:

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages, and deeds of trust.

State statutes authorize the Subdistrict to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain Subdistricts and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

Credit Risk – The Subdistrict does not have specific policy regarding credit risk, but is required to comply with State of Colorado (State) statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

At December 31, 2020, the Subdistrict had invested \$15,194,329 in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is valued at the net asset value (NAV) of \$1.00. Investments of COLOTRUST consist of bills, notes, and bonds issued by the U.S. Treasury or a government agency, and repurchase agreements secured by such obligations. COLOTRUST is rated AAAM by Standard & Poor's. The Subdistrict's interest is valued at NAV.

Interest Rate Risk – Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The Subdistrict does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The Subdistrict has interest rate risk related to its investments in COLOTRUST. At December 31, 2020, COLOTRUST Plus has a weighted average maturity of 51 days to reset and 80 days to final maturity. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods.

Concentration of Credit Risk – The Subdistrict places no limit on the amount that may be invested in any one issuer.

Restricted Cash and Investments – At December 31, 2020, the Subdistrict has the following restricted cash balances:

Debt Service Reserves – CWCB Loans	\$ 793,103
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**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Capital Assets:

Capital activities for governmental activities are as follows:

	Balance 1/1/20	Additions	Deletions/ Reclassifications	Balance 12/31/20
Not depreciated:				
Land	\$ 1,007,816	\$ --	\$ --	\$ 1,007,816
Water rights	4,937,241	1,436,400	--	6,373,641
Pro-legal	--	1,903	--	1,903
Pro-engineering	--	122,706	--	122,706
Construction in process	2,515,805	1,396,680	2,209,580	1,702,905
	8,460,862	2,957,689	2,209,580	9,208,971
Depreciable capital assets:				
Water projects	12,548,764	2,471,381	--	15,020,145
Office building	35,914	24,320	--	60,234
Office equipment	2,568	--	--	2,568
Equipment	467,229	83,747	--	550,976
Vehicles	112,008	35,326	30,204	117,130
	13,166,483	2,614,774	30,204	15,751,053
Less Accumulated				
Depreciation	3,291,578	321,910	18,032	3,595,456
Net Capital Assets	\$18,335,767	\$5,250,553	\$2,221,752	\$21,364,568

The 2020 depreciation expense of \$321,910 has been allocated to the maintenance activity.

NOTE 4 – PERA:

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

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

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 are in effect as of December 31, 2020.

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

Benefits provided: 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 the 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.

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

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 in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases for 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned annual increases for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

Contributions: Eligible employees and the Well Augmentation Subdistrict 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.* Eligible employees are required to contribute 8 percent of their PERA-includable salary in 2020. The employer contribution requirements are summarized as follows:

	7/1/20 – 12/31/20	1/1/20 – 6/30/20
Employer contribution rate as a percentage of salary	10.50%	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)	(1.02)
Amount Apportioned to the LGDTF	9.48	8.98
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20	2.20
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50	1.50
Total Employer Contribution Rate to the LGDTF	13.18%	12.68%

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 Well Augmentation Subdistrict is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Well Augmentation Subdistrict were \$35,178 for the year ended December 31, 2020.

At December 31, 2020, Well Augmentation Subdistrict reported a liability of \$291,444 for its proportionate share of the net pension liability. The net pension liability 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, 2020. The Well Augmentation Subdistrict proportion of the net pension liability was based on the Well Augmentation Subdistrict contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

At December 31, 2019, the Well Augmentation Subdistrict proportion was .04 percent, which was approximately the same as of December 31, 2018.

For the year ended December 31, 2020, Well Augmentation Subdistrict recognized pension expense of \$29,590. At December 31, 2020, Well Augmentation Subdistrict reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,072	\$ --
Net difference between projected and actual earnings on pension plan investments	--	119,234
Change in assumptions	5,769	3,994
Contributions subsequent to the measurement date	35,178	--
Total	\$ 60,019	\$ 123,228

Deferred outflows of resources related to pensions of \$35,178, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending 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 Ending December 31	Amount
2020	\$ (17,618)
2021	(35,017)
2022	(5,070)
2023	(40,682)
	\$ (98,387)

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

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	2.4 percent
Real wage growth	1.1 percent
Wage inflation	3.5 percent
Salary increases, including wage inflation	3.5 - 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
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 (automatic)	1.25 percent, compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

Post-retirement non-disabled mortality assumptions 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, 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.

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

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.

The LGDTF’s long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.2%	4.3%
U.S. Equity – Small Cap	7.42%	4.8%
Non U.S. Equity – Developed	18.55%	5.2%
Non U.S. Equity – Emerging	5.83%	5.4%
Core Fixed Income	19.32%	1.2%
High Yield	1.38%	4.3%
Non-U.S. Fixed Income	1.84%	0.6%
Emerging Market Debt	0.46%	3.9%
Core Real Estate	8.5%	4.9%
Private Equity	8.5%	6.6%
Opportunity Fund	6.0%	3.8%
Cash	1.0%	0.2%
Total	100.00%	

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

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

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 to actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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 current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP 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 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.

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

Based on the above assumptions and methods, LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount 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 Well Augmentation Subdistrict 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:

December 31, 2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 535,361	\$ 291,444	\$ 86,312

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

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

Funding Policy –The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings.

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Other Postemployment Benefits:

The Subdistrict participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit Other Postemployment Benefit Plan (OPEB) fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, 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.

General Information about the OPEB Plan:

Plan description: Eligible employees of the Subdistrict 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.

Benefits provided: The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

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.

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.

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.

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.

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Other Postemployment Benefits – Continued:

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 Subdistrict is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Subdistrict were \$2,775 for the year ended 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 Subdistrict reported a liability of \$34,303 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, 2020. The Subdistrict proportion of the net OPEB liability was based on the Subdistrict 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 Subdistrict proportion was .003 percent, which was approximately the same as its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Subdistrict recognized OPEB expense of \$2,304. At December 31, 2020, the Subdistrict reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

December 31, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 114	\$ 5,764
Net difference between projected and actual earnings on pension plan investments	--	573
Changes in proportion	2,668	1,000
Changes in assumptions	285	--
Contributions subsequent to the measurement date	2,775	--
Total	\$ 5,842	\$ 7,337

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Other Postemployment Benefits – Continued:

Deferred outflows of resources related to OPEB of \$2,775, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ending 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 Ending December 31	Amount
2020	\$ (766)
2021	(706)
2022	(541)
2023	(923)
2024	(1,334)
	<u>\$ (4,270)</u>

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent
Medicare Part A premiums	3.50 percent for 2019, gradually rising to 4.5 percent in 2029

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

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Other Postemployment Benefits – Continued:

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.

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

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

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

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

The actuarial assumptions used in the December 31, 2017, 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 needed.

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Other Postemployment Benefits – Continued:

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

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

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

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

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

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Other Postemployment Benefits – Continued:

Sensitivity of the Subdistrict 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 trend rate	4.60%	5.60%	6.60%
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	\$ 33,488	\$ 34,303	\$ 35,255

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, measurements date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present in the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurements 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.

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Other Postemployment Benefits – Continued:

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 Subdistrict 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 one percentage-point lower (6.25 percent) or one percentage-point higher (8.25 percent) than the current rate:

December 31, 2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 38,786	\$ 34,303	\$ 30,470

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.

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Long-term Debt:

Changes in governmental long-term debt during the year were as follows:

	Balance 1/1/20	Additions	Retirements	Balance 12/31/20	Due Within One Year
2010 CWCB Loan	\$11,548,323	\$ --	\$ 424,824	\$11,123,499	\$435,453
2015 CWCB Construction Loan	1,566,488	--	43,833	1,522,655	44,600
2018 CWCB (Shores)	1,957,655	386,345	--	2,344,000	--
2019 CWCB (Walker)	71,661	1,383,856	--	1,455,517	--
2020 Bond Issue	--	6,015,000	55,000	5,960,000	115,000
2020 Bond Issue- Premium	--	382,657	--	382,657	12,546
	\$15,144,127	\$8,167,858	\$ 523,657	\$22,788,328	\$607,599

In 2010, the Subdistrict obtained a loan from the Colorado Water Conservation Board (CWCB) with a present balance of \$11,123,499, requiring annual payments of \$713,541, principal and interest at 2.5%, through June 1, 2040. Property taxes have been pledged to CWCB for the purpose of repayment of this loan. A debt service reserve account is required to be established and funded at an amount equal to one-tenth of an annual payment on the due date of the first payment and annually thereafter for the first ten years.

In 2015, the Subdistrict obtained a loan from the CWCB with a present balance of \$1,522,655, requiring annual payments of \$71,246, principal and interest, at 1.75%, through June 1, 2035. Property taxes have been pledged to CWCB for the purpose of repayment of this loan.

In 2018, the Subdistrict obtained a loan from the CWCB for \$2,367,440 with a present balance of \$2,344,000, requiring annual payments including interest at 1.65% through January 1, 2050. Property taxes have been pledged to CWCB for the purpose of repayment of this loan.

In 2019, the Subdistrict obtained a loan from the CWCB for \$3,303,000 with a present balance of \$1,455,517, requiring annual payments including interest at 1.75% through January 1, 2050. Property taxes have been pledged to CWCB for the purpose of repayment of this loan.

In 2020, the Subdistrict issued a 30-year bond for \$6,015,000 with a present balance of \$5,960,000, requiring annual payments including interest at 4% through January 1, 2050. Property taxes have been pledged to CWCB for the purpose of repayment of this loan.

**WELL AUGMENTATION SUBDISTRICT OF
CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Long-term Debt – Continued:

The annual requirements to amortize these loans as of December 31, 2020 are as follows:

Year Ending December 31	Principal	Interest	Total
2021	\$ 595,053	\$ 411,209	\$ 1,006,262
2022	644,858	528,568	1,173,426
2023	730,992	445,035	1,176,027
2024	749,926	428,601	1,178,527
2025	769,187	411,739	1,180,926
2026-2030	4,146,901	1,785,397	5,932,298
2031-2035	4,632,383	1,296,316	5,928,699
2036-2041	5,243,689	739,210	5,982,899
2042-2046	2,326,625	295,246	2,621,871
2046-2050	2,404,262	104,845	2,509,107
2051-2056	161,795	2,670	164,465
	\$ 22,405,671	\$6,448,836	\$ 28,854,507

NOTE 7 – Individual Fund Interfund Receivables/Payables:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on government-wide statement of net position and as due from other funds due/to other funds on the fund statement balance sheet. All interfund receivables and payables are expected to be paid within the next year.

As of December 31, 2020, the Subdistrict has the following interfund receivables and payables:

Fund	Due From	Due To
General Fund – WAS	\$ --	\$ 21,036
Debt Service Fund – WAS	21,036	--
	\$ 21,036	\$ 21,036

NOTE 8 – Risk Management:

The Subdistrict is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Subdistrict carries commercial insurance covering specific and general risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

WELL AUGMENTATION SUBDISTRICT OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Commitments and Contingencies:

In 1992, the Colorado voters approved the “Taxpayer’s Bill of Rights” (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from Subdistrict enterprise activities.

On November 4, 2005, the voting electors of the Subdistrict authorized the Subdistrict to collect, retain, and expend the full amount of revenues generated from all sources without limitation or condition under Article X, Section 20 of the Colorado Constitution, and as an exception to the limitations under Section 29-1-301 of the Colorado Revised Statutes and related limits. This effectively removed all revenue and spending limits imposed by TABOR. The Subdistrict believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

The Subdistrict received a grant from the Federal Emergency Management Agency (FEMA) and are in the process of closing out this grant. The Subdistrict has recorded a receivable for \$224,912. The amount of expenditures which may be disallowed by the granting agency related to this receivable, cannot be determined at this time, although the management anticipates such amounts, if any, will be immaterial.

NOTE 10 – Related Party Transactions:

The Subdistrict and the Ground Water Management Subdistrict of Central Colorado Water Conservancy District are both blended component units of Central Colorado Water Conservancy District. The three entities share office space, operating expenses and personnel. During 2020, the Subdistrict paid Central Colorado Water Conservancy District \$373,322 for salary and benefits of shared staff. In addition, for certain transactions the District will initially pay the vendor and the Subdistrict will then reimburse the District. At December 31, 2020, the Central Colorado Water Conservancy District owed the Subdistrict \$579,595.

REQUIRED SUPPLEMENTARY INFORMATION

**WELL AUGMENTATION SUBSUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

Year Ended December 31	Statutorily Required Contributions	Contributions Made	Contribution Deficiency	Covered Payroll	% of Covered Payroll
2020	\$ 35,178	\$ 35,178	\$ --	\$275,380	12.9%
2019	35,738	35,738	--	281,401	12.6%
2018	36,724	36,724	--	291,229	12.6%
2017	34,872	34,872	--	252,828	13.8%
2016	27,306	27,306	--	206,509	13.2%
2015	24,379	24,379	--	189,642	12.8%
2014	24,967	24,967	--	194,747	12.8%

Until a full 10-year trend is compiled, the Subdistrict will present information for those years for which information is available.

SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS

Year Ended December 31	Statutorily Required Contributions	Contributions Made	Contribution Deficiency	Covered Payroll	% of Covered Payroll
2020	\$ 2,775	\$ 2,775	\$ --	\$275,380	1.02%
2019	2,874	2,874	--	281,401	1.02%
2018	2,974	2,974	--	291,229	1.02%
2017	2,640	2,640	--	252,828	1.02%

Until a full 10-year trend is compiled, the Subdistrict will present information for those years for which information is available.

**WELL AUGMENTATION SUBSUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**SCHEDULE OF THE SUBDISTRICT'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY**

Year Ended December 31	Cumulative Proportion of Net Pension Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Total Pension Liability
2019	.04%	\$ 291,444	\$ 281,401	104%	86.2%
2018	.04%	521,188	291,229	179%	76.0%
2017	.04%	456,947	252,828	180%	79.3%
2016	.04%	544,849	206,509	263%	73.6%
2015	.04%	375,953	189,642	198%	76.9%
2014	.03%	279,029	194,747	143%	80.7%
2013	.03%	233,500	133,938	174%	71.7%

Until a full 10-year trend is compiled, the Subdistrict will present information for those years for which information is available.

**SCHEDULE OF THE SUBDISTRICT'S PROPORTIONATE SHARE OF NET OPEB
LIABILITY**

Year Ended December 31	Cumulative Proportion of Net OPEB Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net OPEB Liability
2019	.003%	\$ 34,303	\$ 281,401	12%	24.5%
2018	.003%	43,740	291,229	15%	17.0%
2017	.003%	41,447	252,828	16%	17.5%

Until a full 10-year trend is compiled, the Subdistrict will present information for those years for which information is available.

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**Schedule of Revenue and Expenditures
Compared with Budget - General Fund**

Year Ended December 31, 2020	Actual	Original and Final Budget	Variance
Revenue:			
Class D assessments	\$ 1,022,710	\$ 1,033,000	\$ (10,290)
Property taxes	591,147	589,041	2,106
Specific ownership taxes	107,231	93,750	13,481
Investment income	16,220	35,000	(18,780)
Miscellaneous	282,177	7,500	274,677
Loan and premium proceeds	8,167,858	8,000,000	167,858
Total Revenue and Financing Sources	10,187,343	9,758,291	429,052
Expenditures:			
Operating Expenses:			
Personnel	373,322	389,540	16,218
Maintenance	97,863	38,500	(59,363)
Supplies	108,932	30,000	(78,932)
Professional	188,571	108,000	(80,571)
Travel and meals	8,067	10,550	2,483
Water leases	830,238	1,158,110	327,872
Utilities	41,971	5,000	(36,971)
Other	45,034	250,000	204,966
Debt issuance costs	267,849	-	(267,849)
Total Operating Expenses	1,961,847	1,989,700	27,853
Capital Outlay:			
Water purchases	1,436,400	5,230,000	3,793,600
Pro-engineering	122,706	-	(127,706)
Pro-legal	1,903	-	(1,903)
Vehicles	35,326	-	(35,326)
Recharge projects	-	78,750	78,750
Walker recharge	1,416,545	3,000,000	1,583,455
Orchard recharge	-	179,500	179,500
Field equipment	83,747	546,000	462,253
Shores gravel pit	241,936	52,000	(189,936)
Contingency	24,320	607,000	582,680
Total Capital Outlay	3,362,883	9,693,250	6,325,367
Total Expenditures	5,324,730	11,682,950	6,353,220
REVENUE OVER EXPENDITURES			
- BUDGET BASIS	<u>\$ 4,862,613</u>	<u>\$ (1,924,659)</u>	<u>\$ 6,782,272</u>

OTHER SUPPLEMENTARY INFORMATION

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**Schedule of Revenue and Expenditures
Compared with Budget - Debt Service Fund**

Year Ended December 31, 2020	Actual	Original and Final Budget	Variance
Revenue:			
Property taxes	\$ 1,516,162	\$ 1,510,957	\$ 5,205
Investment income	33,948	100,000	(66,052)
Total Revenue	1,550,110	1,610,957	(60,847)
Expenditures:			
Operating Expenditures:			
Treasurer's fees	22,749	80,000	57,251
Debt Service:			
Principal	523,657	993,666	470,009
Interest	452,317	691,123	238,806
Total Expenditures	998,723	1,764,789	766,066
REVENUE OVER EXPENDITURES	\$ 551,387	\$ (153,832)	\$ 705,219

**WELL AUGMENTATION SUBDISTRICT
OF CENTRAL COLORADO WATER CONSERVANCY DISTRICT**

**Schedule of Revenue and Expenditures
Compared with Budget- Water Enterprise Fund**

Year Ended December 31, 2020	Actual	Original and Final Budget	Variance
Revenue:			
Water assessments	\$ 53,350	\$ 53,350	\$ -
Property taxes	-	-	-
Specific ownership taxes	-	-	-
Investment income	817	3,000	(2,183)
Total Revenue	54,167	56,350	(2,183)
Expenditures:			
Operating Expenses:			
Personnel	-	-	-
Maintenance	-	-	-
Debt Service	-	-	-
Capital Outlay	-	-	-
Total Operating Expenses - Budget Basis	-	-	-
Perspective difference:			
Proceeds from debt	-	-	-
Principal payments on debt	-	-	-
Depreciation expense	-	-	-
Capital outlay	-	-	-
Total Differences	-	-	-
Total Expenses	-	-	-
REVENUE OVER EXPENSES			
- GAAP BASIS	\$ 54,167	\$ 56,350	\$ (2,183)