



East Larimer County Water District

Financial Statements and Supplementary Information

For the Years Ended December 31, 2021 and 2020

East Larimer County Water District

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the East Larimer County Water District (the District), as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefits (OPEB) related schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the



basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenue and Expenditures - Budget and Actual (Budgetary Basis) is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

September 30, 2022

**East Larimer County Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2021 and 2020**

The East Larimer County ("ELCO") Water District (the "District") is hereby submitting its Annual Financial Report for the fiscal year ending December 31, 2021. The report has been prepared in compliance with Statements of the Governmental Accounting Standards Board No. 34, entitled "Basic Financial Statements – Management's Discussion and Analysis - For State and Local Governments" (hereafter "GASB 34"), and related standards. The accuracy, completeness and fairness of the report, including all disclosures, are the responsibility of the District. The District believes the report is complete and accurate in all material respects.

District History

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

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

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

2021 Highlights - Business-Type Activities

- At December 31, 2021, net position was \$115,819,965 or an increase of \$24,144,008, or an increase of 26% when compared to December 31, 2020.
- Total operating revenues increased to \$7,184,156 during 2021, which was \$138,678, or approximately 2% more than 2020.
- Total operating expenses were \$6,179,581, an increase of \$1,132,965, or 22% in 2021 compared to 2020.
- Net capital assets were \$104,071,046 at December 31, 2021 compared to \$82,704,090 at December 31, 2020 for an increase of \$21,366,956, or 25% over 2020.
- Long-term debt decreased to \$3,440,000 at December 31, 2021, which was \$420,000 or 10% lower when compared to the balance at December 31, 2020.

Using this Annual Report

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

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

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

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

**East Larimer County Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2021 and 2020**

Statements of Net Position

	2021	2020	2019
Assets			
Current assets	\$ 17,899,472	\$ 15,707,144	\$ 13,885,708
Capital assets, net	104,071,046	82,704,090	72,180,941
Other non-current assets	-	-	-
Total assets	121,970,518	98,411,234	86,066,649
Deferred outflows of resources			
Unamortized deferred loss on refunding of bonds	-	-	-
Deferred outflows of resources relating to OPEB	13,952	19,825	14,139
Deferred outflows of resources relating to pension	426,544	340,695	474,485
Total deferred outflows of resources	440,496	360,520	488,624
Liabilities			
Current liabilities	1,593,738	1,756,856	1,346,972
Long-term liabilities	4,024,925	4,823,522	5,986,062
Total liabilities	5,618,663	6,580,378	7,333,034
Deferred inflows of resources			
Deferred inflows of resources relating to OPEB	39,260	26,010	11,445
Deferred inflows of resources relating to pensions	933,126	489,409	137,567
Total deferred inflows of resources	972,386	515,419	149,012
Net position			
Net investment in capital assets	100,432,737	78,845,585	67,921,114
Unrestricted	15,387,228	12,830,372	11,152,113
Total net position at December 31,	\$ 115,819,965	\$ 91,675,957	\$ 79,073,227

The long-term debt decrease was due to the payment of \$350,000 principal on the 2009 water enterprise revenue refunding bond. The 2009B Revenue Bond was fully repaid in 2021.

**East Larimer County Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2021 and 2020**

Review of Revenues			
	2021	2020	2019
<u>Revenues</u>			
Operating revenues			
Water service revenue	\$ 7,184,156	\$ 7,045,478	\$ 5,623,581
<u>Subtotal</u>	7,184,156	7,045,478	5,623,581
Non-operating revenues			
Earnings (loss) on investments	(155,773)	379,937	387,643
Other Income	-	8,822	-
<u>Subtotal</u>	(155,773)	388,759	387,643
Total revenues	\$ 7,028,383	\$ 7,434,237	\$ 6,011,224

Operating revenue was \$7,184,156 or 110%% of the budget. Earnings on investments were at a loss in 2021 at (\$155,773) compared with earnings of \$379,337 in 2020 primarily due to a decrease in earnings rate. The total revenues were up approximately 2% from 2021 primarily due to an increase in water rates.

Review of Expenses			
	2021	2020	2019
<u>Expenses</u>			
Operating expenses	\$ 5,216,977	\$ 4,120,926	\$ 3,894,290
Depreciation	962,604	925,690	918,501
Total operating expenses	\$ 6,179,581	\$ 5,046,616	\$ 4,812,791

Operating expenditures in 2021 compared to 2020 increased \$1,132,965 or 22% compared to 2020. The increase in expenditures in 2021 compared to 2020 is due to increased costs associated with Soldier Canyon Water Treatment Authority, repairs on the District's transmission and distribution system and additional needs for professional services.

Depreciation increased by \$36,914 during 2021.

Capital Contribution and Transfers			
	2021	2020	2019
Year Ending December 31			
Capital contributions	\$ 23,455,521	\$ 10,390,097	\$ 4,503,562

Cash capital contributions were \$5,455,521 (not including noncash contributions of \$18,000,000).

**East Larimer County Water District
Management's Discussion and Analysis
For the Year Ended December 31, 2021 and 2020**

Capital Assets

Year Ending December 31	2021	2020	2019
Water rights	\$ 25,244,624	\$ 24,749,723	\$ 24,749,723
Water rights pending change of use	37,503,256	19,349,170	12,255,989
Land and right of way	291,150	291,150	291,150
Construction in progress	2,154,510	1,980,322	1,770,372
Building and improvements	1,669,636	1,527,746	1,500,318
Transmission and distribution system	42,063,523	40,465,683	38,947,974
Transportation equipment	837,657	535,791	477,701
Water Storage	2,958,506	2,721,537	2,721,537
Office furniture and equipment	621,900	621,900	621,900
Other equipment	799,155	743,805	721,964
SCWTA Treatment Capacity	9,272,194	8,156,241	5,635,601
Total	\$ 123,416,111	\$ 101,143,068	\$ 89,694,229

The District was a participant in upgrading the SCWTA by purchasing an addition 1 MGD of capacity. The District spent approximately \$1 million in 2021 funding the expansion. The expansion of the SCWTA went online in late 2021. Further capital asset information is available in the notes (see pages 19-20).

Debt and Other Financial Obligations

The District long-term debt was \$3,440,000 and \$3,860,000 in 2021 and 2020, respectively. The decrease was due to retirement of \$420,000 of the 2009B Water Enterprise Revenue Refunding Bonds. Further debt information is available in the notes (see page 21).

Contracts and Agreements

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

Contacting the District's Financial Management

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

Basic Financial Statements

East Larimer County Water District

Statements of Net Position

December 31,	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 4,125,241	\$ 1,366,071
Investments	13,297,390	13,954,499
Receivables, net	240,560	204,565
Prepaid expenses	236,281	182,009
Total current assets	17,899,472	15,707,144
Non-current assets		
Capital assets		
Property, plant and equipment, net	104,071,046	82,704,090
Total non-current assets	104,071,046	82,704,090
Total assets	121,970,518	98,411,234
Deferred outflows of resources		
Deferred outflows of resources relating to pensions	426,544	340,695
Deferred outflows of resources relating to OPEB	13,952	19,825
Total deferred outflows of resources	440,496	360,520
Liabilities		
Current liabilities		
Current portion of long-term debt	435,000	420,000
Accounts payable	429,427	632,994
Accrued interest payable	12,080	13,480
HRA liability	717,231	690,382
Total current liabilities	1,593,738	1,756,856
Non-current liabilities		
Accrued compensated absences	38,972	47,948
Long-term debt (net of current maturities and unamortized discount and premium)	3,003,065	3,438,505
Net pension liability	862,852	1,196,268
Net OPEB liability	120,036	140,801
Total non-current liabilities	4,024,925	4,823,522
Total liabilities	5,618,663	6,580,378
Deferred inflows of resources		
Deferred inflows of resources relating to pensions	933,126	489,409
Deferred inflows of resources relating to OPEB	39,260	26,010
Total deferred inflows of resources	972,386	515,419
Net position		
Net investment in capital assets	100,432,737	78,845,585
Unrestricted	15,387,228	12,830,372
Total net position	\$ 115,819,965	\$ 91,675,957

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

East Larimer County Water District

Statements of Revenues, Expenses and Changes in Net Position

<i>For the years ended December 31,</i>	2021	2020
Operating revenues		
Water service revenue	\$ 7,184,156	\$ 7,045,478
Operating expenses		
Operating expenses	5,216,977	4,120,926
Depreciation	962,604	925,690
Total operating expenses	6,179,581	5,046,616
Operating income	1,004,575	1,998,862
Non-operating revenues (expenses)		
Earnings (loss) from investments	(155,773)	379,937
Interest expense	(159,915)	(174,588)
Bonds service fees	(400)	(400)
Other income	-	8,822
Total non-operating revenues (expenses)	(316,088)	213,771
Net income before contributions	688,487	2,212,633
Capital contributions	23,455,521	10,390,097
Change in net position	24,144,008	12,602,730
Net position at beginning of year	91,675,957	79,073,227
Net position at end of year	\$ 115,819,965	\$ 91,675,957

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

East Larimer County Water District

Statements of Cash Flows

<i>For the years ended December 31,</i>	2021	2020
Cash flows from operating activities		
Cash received from customers	\$ 7,148,161	\$ 7,085,601
Cash paid to suppliers	(3,918,256)	(2,633,282)
Cash paid to employees	(1,781,330)	(1,657,583)
Net cash flows from operating activities	1,448,575	2,794,736
Cash flows from noncapital financing activities		
Other nonoperating income	-	8,822
Net cash flows from noncapital financing activities	-	8,822
Cash flows from capital and related financing activities		
System development fees	5,455,521	2,999,589
Acquisition and construction of capital assets	(4,064,107)	(3,792,878)
Principal paid on long-term debt	(420,000)	(400,000)
Interest paid on long-term debt	(161,755)	(177,076)
Fees paid for revenue bonds	(400)	(400)
Net cash flows from capital and related financing activities	809,259	(1,370,765)
Cash flows from investing activities		
Purchase of investments	(1,128,876)	(5,315,461)
Proceeds from redemption of investments	1,982,967	2,540,723
Cash received from earnings on investments	(352,755)	182,955
Net cash flows from investing activities	501,336	(2,591,783)
Net change in cash and cash equivalents	2,759,170	(1,158,990)
Cash and cash equivalents at beginning of year	1,366,071	2,525,061
Cash and cash equivalents at end of year	\$ 4,125,241	\$ 1,366,071
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 1,004,575	\$ 1,998,862
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	962,604	925,690
Change in assets and liabilities:		
Receivables	(35,995)	40,123
Prepaid expenses	(54,272)	(48,829)
Accounts payable and HRA liability	(442,171)	125,597
Accrued compensated absences	(8,976)	11,117
Net pension liability and related items	24,452	(245,904)
Net OPEB liability and related items	(1,642)	(11,920)
Net cash flows from operating activities	\$ 1,448,575	\$ 2,794,736
Non-cash investing, capital and financing activities:		
Contributed capital assets	\$ 18,000,000	\$ 7,390,508
Capital assets acquired with accounts payable	\$ 200,244	\$ 265,453

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

East Larimer County Water District

Notes to Financial Statements

December 31, 2021 and 2020

1. Summary of Significant Accounting Policies

Form of Organization

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

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

Reporting Entity

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

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

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

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

Basic Financial Statements

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

Basis of Accounting

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

East Larimer County Water District

Notes to Financial Statements

December 31, 2021 and 2020

investment in capital assets, and unrestricted net position.

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

Budgets and Budgetary Accounting

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

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

The total appropriated expenditures, original and final, for the District were \$14,050,193 and \$13,678,399, respectively, for the year ended December 31, 2021.

Cash and Cash Equivalents

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

Investments

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

Allowance for Doubtful Accounts

The District’s receivables are due from commercial and residential customers within the District service area. The District’s policy for collections is limited to the right to discontinue service and to place liens on property. The District has determined that no allowance is necessary at December 31, 2021 or 2020, based on historical collection experience, and the ability to place liens on property.

Prepaid Expenses

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

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

December 31, 2021 and 2020

Capital Assets

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

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

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

Joint Venture

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

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

Debt Issuance Costs

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

Debt Related Deferrals

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

Accrued Compensated Absences Payable

Obligations associated with the District's vacation policy are recorded as a liability and expense and when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is considered a long-term-liability. The District has recorded a liability of \$38,972 and \$47,948 at December 31, 2021 and 2020, respectively.

East Larimer County Water District

Notes to Financial Statements

December 31, 2021 and 2020

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of December 31, 2021.

Other Post-Employment Benefits

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

Net Position

Net position is classified in the following categories:

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

East Larimer County Water District

Notes to Financial Statements

December 31, 2021 and 2020

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

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

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

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed monthly on 30 day cycles. Unbilled water charges are accrued for the period from the last meter reading through year-end and are included in receivables. At December 31, 2021 and 2020, there were no unbilled accounts receivable.

Operating Revenues and Expenses

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

Contributions in Aid of Construction

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

Use of Estimates

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

2. Cash and Investments

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, C.R.S. require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State.

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The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2021 and 2020, the District had deposits with a financial institution with a carrying amount of \$3,346,381 and \$886,029, respectively. The bank balances with the financial institution were \$3,854,110 and \$1,138,559, respectively. Of these amounts, \$250,000 was covered by federal depository insurance. The remaining balances of \$3,604,110 and \$888,559, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

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

	2021	2020
Cash on hand	\$ 700	\$ 700
Cash on deposit with financial institutions	3,346,380	885,729
Local government investment pool	778,161	479,642
Total cash and cash equivalents	\$ 4,125,241	\$ 1,366,071

Local Government Investment Pools

At December 31, 2021 and 2020, the District had invested \$778,161 and \$479,642, respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Investments

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

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

District policy is to hold investments until maturity.

East Larimer County Water District Notes to Financial Statements

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Custodial Credit Risk - Investments

Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2021 and 2020, none of the District's investments were exposed to custodial credit risk.

At December 31, 2021, the District had the following investments and quality ratings:

Investments	S&P Rating	Moody Rating	Value	Weighted Average Maturity in years	Concentration of Credit Risk
Cash and cash equivalents	Not rated	Not rated	\$ 1,873,884	n/a	16.7%
Government agency bonds	AA+	AAA to Aaa	1,557,133	2.6	13.7%
U.S. Treasury notes	AA+	AAA	4,618,222	1.0	34.3%
Certificates of deposit	Not rated	Not rated	5,248,151	3.0	35.3%
Total			\$ 13,297,390		

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

Investments	S&P Rating	Moody Rating	Value	Weighted Average Maturity in years	Concentration of Credit Risk
Cash and cash equivalents	Not rated	Not rated	\$ 2,326,678	n/a	17.7%
Government agency bonds	AA+	AAA to Aaa	1,917,216	3.5	17.0%
U.S. Treasury notes	AA+	AAA	4,788,290	2.6	25.8%
Certificates of deposit	Not rated	Not rated	4,922,315	2.5	39.5%
Total			\$ 13,954,499		

The District categorizes its fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The value of investments at December 31, 2021 was:

Description	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,873,884	\$ 1,873,884	\$ -	\$ -
Government agency bonds	1,557,133	-	1,557,133	-
U.S. Treasury notes	4,618,222	-	4,618,222	-
Certificates of deposit	5,248,151	-	5,248,151	-
	\$ 13,297,390	\$ 1,873,884	\$ 11,423,506	\$ -

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The value of investments at December 31, 2020 was:

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

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

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

Interest Rate Risk

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

3. Receivables

Receivables consist of the following at December 31:

	2021	2020
Water service	\$ 211,566	\$ 181,760
Accrued interest	18,556	18,556
Miscellaneous	10,438	4,249
Total	\$ 240,560	\$ 204,565

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4. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
Capital assets, not being depreciated:				
SCWTA treatment capacity	\$ 8,156,241	\$ 1,115,953	\$ -	\$ 9,272,194
Water rights	24,749,723	494,901	-	25,244,624
Water rights pending change of use	19,349,170	18,154,086	-	37,503,256
Land and right of way	291,150	-	-	291,150
Construction in progress	1,980,322	585,534	(411,346)	2,154,510
Total capital assets, not being depreciated	54,526,606	20,350,474	(411,346)	74,465,734
Capital assets, being depreciated:				
Buildings and improvements	1,527,746	141,890	-	1,669,636
Transmission and distribution system	40,465,683	1,597,840	-	42,063,523
Transportation equipment	535,791	358,390	(56,524)	837,657
Water Storage	2,721,537	236,969	-	2,958,506
Office furniture and equipment	621,900	-	-	621,900
Other equipment	743,805	55,350	-	799,155
Total capital assets, being depreciated	46,616,462	2,390,439	(56,524)	48,950,377
Less accumulated depreciation for:				
Buildings and improvements	(1,263,924)	(67,049)	-	(1,330,973)
Transmission and distribution system	(15,330,272)	(823,352)	-	(16,153,624)
Transportation equipment	(424,208)	(31,594)	56,517	(399,285)
Water storage	(110,491)	(25,889)	-	(136,380)
Office furniture and equipment	(608,501)	(4,424)	-	(612,925)
Other equipment	(701,582)	(10,296)	-	(711,878)
Total accumulated depreciation	(18,438,978)	(962,604)	56,517	(19,345,065)
Total capital assets, being depreciated, net	28,177,484	1,427,835	(7)	29,605,312
Capital assets, net	\$ 82,704,090	\$ 21,778,309	\$ (411,353)	\$ 104,071,046

East Larimer County Water District
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Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
Capital assets, not being depreciated:				
SCWTA treatment capacity	\$ 5,635,601	\$ 2,520,640	\$ -	\$ 8,156,241
Water rights	24,749,723	-	-	24,749,723
Water rights pending change of use	12,255,989	7,093,181	-	19,349,170
Land and right of way	291,150	-	-	291,150
Construction in progress	1,770,372	209,950	-	1,980,322
Total capital assets, not being depreciated	44,702,835	9,823,771	-	54,526,606
Capital assets, being depreciated:				
Buildings and improvements	1,500,318	27,428	-	1,527,746
Transmission and distribution system	38,947,974	1,517,709	-	40,465,683
Transportation equipment	477,701	58,090	-	535,791
Water storage	2,721,537	-	-	2,721,537
Office furniture and equipment	621,900	-	-	621,900
Other equipment	721,964	21,841	-	743,805
Total capital assets, being depreciated	44,991,394	1,625,068	-	46,616,462
Less accumulated depreciation for:				
Buildings and improvements	(1,200,570)	(63,354)	-	(1,263,924)
Transmission and distribution system	(14,541,721)	(788,551)	-	(15,330,272)
Transportation equipment	(387,189)	(37,019)	-	(424,208)
Water storage	(86,182)	(24,309)	-	(110,491)
Office furniture and equipment	(604,077)	(4,424)	-	(608,501)
Other equipment	(693,549)	(8,033)	-	(701,582)
Total accumulated depreciation	(17,513,288)	(925,690)	-	(18,438,978)
Total capital assets, being depreciated, net	27,478,106	699,378	-	28,177,484
Capital assets, net	\$ 72,180,941	\$ 10,523,149	\$ -	\$ 82,704,090

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

December 31, 2021 and 2020

5. Long-Term Debt

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

	2021	2020
\$3,610,000 - 2009A water enterprise revenue bonds were issued to finance improvements to the District's distribution system. Interest, with rates ranging from 2.0% to 4.5%, is payable semiannually through December 1, 2028. The obligations are secured by net revenues of the system.	\$ 3,440,000	\$ 3,510,000
\$4,315,000 - 2009B water enterprise revenue refunding bonds were issued to refund the 1998 water refunding bonds. Interest, with rates ranging from 3.0% to 4.0%, is payable semiannually through December 1, 2028. The bonds were fully repaid during 2021. The obligations were secured by net revenues of the system.	-	350,000
Total long-term debt	\$ 3,440,000	\$ 3,860,000

The annual requirements to amortize all debt outstanding as of December 31, 2021, are as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 435,000	\$ 144,955	\$ 579,955
2023	450,000	127,555	577,555
2024	470,000	109,555	579,555
2025	490,000	90,285	580,285
2026	510,000	69,705	579,705
2027-2028	1,085,000	73,005	1,158,005
Total	\$ 3,440,000	\$ 615,060	\$ 4,055,060

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

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A summary of changes in debt for December 31, 2021, were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
2009A water enterprise revenue bonds	\$ 3,510,000	\$ -	\$ 70,000	\$ 3,440,000	\$ 435,000
2009B water enterprise revenue refunding bonds	350,000	-	350,000	-	-
Accrued compensated absences	47,948	15,291	24,267	38,972	-
Totals	3,907,948	\$ 15,291	\$ 444,267	3,478,972	\$ 435,000
Current portion of long-term debt	(420,000)			(435,000)	
Net bond premium	905			-	
Net bond discount	(2,400)			(1,935)	
Noncurrent portion of long-term debt	<u>\$ 3,486,453</u>			<u>\$ 3,042,037</u>	

6. Reconciliation of Budget Basis Accounting to GAAP Financial Statements

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

	2021	2020
Revenues per non-GAAP budgetary statement	\$ 12,483,904	\$ 10,425,004
Expenditures per non-GAAP budgetary statement	<u>(9,861,839)</u>	<u>(8,488,792)</u>
Excess of budgeted revenues over budgeted expenditures	2,622,065	1,936,212
Non-GAAP revenues/expenditures:		
Bond principal	420,000	400,000
Capital expenditures	4,064,107	3,792,878
GAAP revenue/expense - adjustments:		
Depreciation expense	(962,604)	(925,690)
Amortization of debt deferrals	440	-
Non-cash contributed capital assets	18,000,000	7,390,508
Change in net position	\$ 24,144,008	\$ 12,602,730

7. Risk Management

The District is a member of the Colorado Special District Property and Liability Pool (“CSDPLP”). The District has joined together with other special districts in the State of Colorado. This is a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays annual contributions for its property and casualty insurance coverage. The intergovernmental agreement provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members’ claims in excess of specified self-insurance retention.

At December 31, 2021, CSDPLP has total admitted assets of \$68,195,261, liabilities of \$46,165,251, and unassigned surplus of \$22,030,010. The liability amount includes no long-term debt. Total revenue for 2021 amounted to \$24,889,624, investment income of \$482,027 and total expenses were \$25,123,490 resulting in a net income of \$248,161. The amount of the District’s share of these amounts is less than 1%.

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8. Public Employees' Retirement Association of Colorado

Plan Description

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

Benefits Provided as of December 31, 2020

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

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

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

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (“AAP”) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (“AI”) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (“AIR”) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For State Troopers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions Provisions as of December 31, 2021

Eligible employees of the District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2021 through December 31, 2021 are summarized in the table below:

	January 1, 2021 Through December 31, 2021
Employee contribution rate	8.50%

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

	January 1, 2021 Through December 31, 2021
Employer contribution rate	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the LGDTF	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%
Total employer contribution rate to the LGDTF	13.20%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$164,816 and \$150,915, respectively, for the years ended December 31, 2021 and 2020.

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

At December 31, 2021 and 2020, the District reported a liability of \$862,852 and \$1,196,268, respectively, for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021, the District's proportion was 0.16557 percent, which was an increase of 0.00201 from its proportion measured as of December 31, 2020.

For the years ended December 31, 2021 and 2020, the District recognized pension income of \$189,268 and \$94,989, respectively.

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,718	\$ -
Changes of assumptions or other inputs	208,518	-
Net difference between projected and actual earnings on pension plan investments	-	933,126
Changes in proportion and differences between contributions recognized and proportionate share of contributions	11,492	-
District contributions subsequent to the measurement date	164,816	-
Total	\$ 426,544	\$ 933,126

The \$164,816 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2022	\$ (97,122)
2023	(110,697)
2024	(316,313)
2025	(147,266)
	\$ (671,398)

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At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.07 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.20 - 11.30 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	1.00 percent compounded annually
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

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

Discount rate

The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

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- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 1,987,667	\$ 862,852	\$ (76,222)

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Pension plan fiduciary net position

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

9. Other Post-Employment Benefits

Plan Description

Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the C.R.S., as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement

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benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$12,736 and \$12,140 for the years ended December 31, 2021 and 2020, respectively.

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

At December 31, 2021 and 2020, the District reported a liability of \$120,036 and \$140,801, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District's proportion was 0.01263 percent, which was an increase of 0.00010 from its proportion measured as of December 31, 2019.

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Notes to Financial Statements**

December 31, 2021 and 2020

For the years ended December 31, 2021 and 2020, the District recognized OPEB expense of \$11,094 and \$220, respectively. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 319	\$ 26,390
Net difference between projected and actual earnings on OPEB plan investments	-	4,905
Changes of assumptions or other inputs	897	7,361
Changes in proportionate share	-	604
District contributions subsequent to the measurement date	12,736	-
	\$ 13,952	\$ 39,260

The \$12,736 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amortization
2022	\$ (9,394)
2023	(8,194)
2024	(9,042)
2025	(8,069)
2026	(3,143)
Thereafter	(202)
	\$ (38,044)

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

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At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 467	\$ 23,660
Net difference between projected and actual earnings on OPEB plan investments	-	2,350
Changes of assumptions or other inputs	1,168	-
Changes in proportionate share	6,050	-
District contributions subsequent to the measurement date	12,140	-
	\$ 19,825	\$ 26,010

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 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	8.10 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019 valuation, the following monthly costs/premiums are assumed for 2020 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550

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The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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 used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

East Larimer County Water District

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.20 percent to 11.30 percent

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 116,934	\$ 120,036	\$ 123,648

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, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

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- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District’s proportionate share of the net OPEB liability	\$ 237,504	\$ 120,036	\$ 105,112

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

10. Voluntary Investment Program

Plan description

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

Funding policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the District has agreed to match employee contributions up to 3 percent of covered

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salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. The District did not make a contribution on behalf of eligible members during the years ended December 31, 2021 or 2020.

11. TABOR Compliance

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

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

12. Water Bank

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

14. Subsequent Events

The District evaluated subsequent events through September 30, 2022 the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

Required Supplementary Information

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

<i>Year ended December 31,</i>	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.16557%	0.16356%	0.15334%	0.17333%	0.16505%	0.18176%	0.18960%	0.17053%
District's proportionate share of the net pension liability	\$ 862,852	\$ 1,196,268	\$ 1,927,804	\$ 1,929,922	\$ 2,228,695	\$ 2,002,235	\$ 1,699,410	\$ 1,271,625
District's covered payroll	\$ 1,190,184	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447	\$ 1,026,024	\$ 1,038,532	\$ 1,048,599	\$ 926,523
District's proportionate share of the net pension liability as a percentage of its covered payroll	72.50%	106.21%	178.90%	176.50%	217.22%	192.79%	162.06%	137.25%
Plan fiduciary net position as a percentage of the total pension	90.88%	86.26%	75.96%	79.37%	73.60%	76.90%	80.70%	77.66%

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

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

See accompanying Independent Auditor's Report.

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

<i>Year ended December 31,</i>	2021	2020	2019	2018	2017
Statutorily Required Contribution	\$ 164,816	\$ 150,915	\$ 142,822	\$ 136,639	\$ 136,680
Contributions in Relation to the Statutorily Required Contribution	164,816	150,915	142,822	136,639	136,680
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,248,603	\$ 1,190,184	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447
Payroll	13.20%	12.68%	12.68%	12.68%	12.50%

2016	2015	2014	2013	2012	2011
\$ 126,850	\$ 130,890	\$ 131,736	\$ 115,364	\$ 109,681	\$ 105,492
126,850	130,890	131,736	115,364	109,681	105,492
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,026,024	\$ 1,038,532	\$ 1,048,599	\$ 926,523	\$ 871,425	\$ 859,502
12.36%	12.60%	12.56%	12.45%	12.59%	12.27%

See accompanying Independent Auditor's Report.

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

<i>Year ended December 31,</i>	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.01263%	0.01253%	0.01188%	0.01347%	0.01267%
District's proportionate share of the net OPEB liability	\$ 120,036	\$ 140,801	\$ 161,600	\$ 175,038	\$ 164,266
District's covered payroll	\$ 1,190,184	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447	\$ 1,026,024
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.09%	12.50%	15.00%	16.01%	16.01%
Plan fiduciary net position as a percentage of the total OPEB Liability	32.78%	24.49%	17.03%	17.53%	16.72%

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

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

See accompanying Independent Auditor's Report.

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

<i>Year ended December 31,</i>	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 12,736	\$ 12,140	\$ 11,489	\$ 10,991	\$ 11,153	\$ 10,204
Contributions in Relation to the Statutorily Required Contribution	12,736	12,140	11,489	10,991	11,153	10,204
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,248,603	\$ 1,190,184	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447	\$ 1,026,024
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

See accompanying Independent Auditor's Report.

Other Supplementary Information

East Larimer County Water District
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2021
With Comparative Actual Amounts for Year Ended December 31, 2020

	2021					2020
	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)		
	Original	Final				
Revenues						
Operating revenues	\$ 6,489,732	\$ 6,489,732	\$ 7,184,156	\$ 694,424	\$ 7,045,478	
System development fees	2,273,392	2,273,392	5,455,521	3,182,129	2,999,589	
Earnings on investments	200,000	200,000	(155,773)	(355,773)	379,937	
Miscellaneous income	181,931	181,931	-	(181,931)	-	
Total revenues	9,145,055	9,145,055	12,483,904	3,338,849	10,425,004	
Expenditures						
Field operating expenditures						
Source of supply	661,571	661,571	693,316	(31,745)	590,594	
Water treatment	1,522,931	1,522,931	1,401,711	121,220	1,193,957	
Transmission and distribution	1,724,426	1,724,426	1,503,546	220,880	1,037,822	
Total field operating	3,908,928	3,908,928	3,598,573	310,355	2,822,373	
Administrative and general expenditures						
Accounting and finance	17,000	15,750	16,500	(750)	15,750	
Administrative and management services	1,144,587	954,342	481,775	472,567	352,217	
Billing and collection	78,099	71,185	92,667	(21,482)	91,335	
Customer service	7,544	7,544	4,625	2,919	4,982	
Personnel and training	1,144,889	971,504	1,022,837	(51,333)	834,269	
Total administrative and general expenditures	2,392,119	2,020,325	1,618,404	401,921	1,298,553	
Total operational expenditures	6,301,047	5,929,253	5,216,977	712,276	4,120,926	
Non-operating expenditures						
Debt service, interest and paying agent fees	582,255	582,255	580,755	1,500	574,988	
Capital expenditures	7,166,891	7,166,891	4,064,107	3,102,784	3,792,878	
Total non-operating expenditures	7,749,146	7,749,146	4,644,862	3,104,284	4,367,866	
Total expenditures	14,050,193	13,678,399	9,861,839	3,816,560	8,488,792	
Excess (deficiency) of budgeted revenues over budgeted expenditures	\$ (4,905,138)	\$ (4,533,344)	\$ 2,622,065	\$ 7,155,409	\$ 1,936,212	

See accompanying Independent Auditor's Report.