

cPa DIXON, WALLER & CO., INC.

BLANCA/FORT GARLAND

METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2022

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
December 31, 2022

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Blanca/Fort Garland Metropolitan District
Blanca, CO 81123

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Blanca/Fort Garland Metropolitan District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Blanca/Fort Garland Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Blanca/Fort Garland Metropolitan District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Blanca/Fort Garland Metropolitan 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 opinion.

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 Blanca/Fort Garland Metropolitan 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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Blanca/Fort Garland Metropolitan 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 Blanca/Fort Garland Metropolitan 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, budgetary comparison information, and pension trend data 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 an opinion on the financial statements that collectively comprise the Blanca/Fort Garland Metropolitan District's basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis and is 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 other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Alison, Waller & Co., Inc.

June 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2022

Management's Discussion and Analysis

Blanca/Fort Garland Metropolitan District encompasses the Northern half of Costilla County, and is located in the south central region of Colorado. The District serves the towns of Fort Garland and Blanca, as well as the areas that surround these towns. The District offers recreation, health and safety services to the public.

The discussion and analysis of the Blanca/Fort Garland Metropolitan District's financial performance is an overall review of the District's financial activities for the fiscal year ended December 31, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Blanca/Fort Garland Metropolitan District as an entire entity, presenting both an aggregate and a long-term view of those finances.

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole look's at all financial transactions and asks the question, "How did we do financially during the fiscal year 2022?" The statements of net position and of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. In the statement of net position and the statement of activities, The Metropolitan District will report its activities as governmental activities as there are no business-type activities. The basis of accounting takes into account all the current year's revenues and expenses regardless of when cash was received or paid.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also report the District's operations in more detail than the government wide statements by providing information about the District's funds for the Blanca/Fort Garland Metropolitan District. The General Fund is the most significant fund.

Also, the notes to the financial statements provide additional information meaningful to a full understanding of the data provided in the district-wide and fund financial statements.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2022

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes budget-to-actual information for the District as dictated by state law.

Reporting the District as a whole

Table 1 provides a summary of the district's net position at December 31, 2022.

Table 1
Condensed Statement of Net Position

	Governmental Activities 2022	Governmental Activities 2021
<u>ASSETS</u>		
Current and Other Assets	\$ 1,227,647	\$ 1,149,045
Capital Assets, Net	1,445,173	1,562,647
Total Assets	2,672,820	2,711,692
DEFERRED OUTFLOWS	51,296	89,720
<u>LIABILITIES</u>		
Other Liabilities	160,607	329,096
Long-Term Liabilities	205,000	300,000
Total Liabilities	365,607	629,096
DEFERRED INFLOWS	859,174	773,295
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,131,889	1,147,976
Restricted for:		
Tabor Reserve	16,500	18,000
Debt	457,354	410,992
Culture and Recreation	3,889	15,796
Unrestricted	(110,297)	(193,743)
Total Net Position	\$ 1,499,335	\$ 1,399,021

Table 2 provides a summary of the changes in net position. Following Table 2 is a specific discussion related to overall revenues and expenses.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2022

Table 2
Condensed Change in Net Position from Operating Activities

	Governmental Activities 2022	Governmental Activities 2021
<u>REVENUES</u>		
Program Revenues		
Charges for Services	\$ 45,880	\$ 70,031
Capital Grants & Contributions	13,247	\$ 17,799
General Revenues		
Property and Specific Ownership Tax	637,346	644,392
Interest Revenue	772	677
Other Revenue	5,006	9,489
Total Revenues	<u>702,251</u>	<u>742,388</u>
<u>EXPENSES</u>		
Culture and Recreation	677,680	673,159
Interest and Amortization	18,396	22,350
Pension and OPEB Changes	<u>(94,139)</u>	<u>(13,054)</u>
Total Expenses	<u>601,937</u>	<u>682,455</u>
Change in Net Position	<u>100,314</u>	<u>59,933</u>
Net Position-Beginning	<u>1,339,021</u>	<u>1,339,088</u>
Net Position-Ending	<u>\$ 1,439,335</u>	<u>\$ 1,399,021</u>

Information regarding capital assets and long-term debt, as well as additional information is available in the accompanying notes to the financial statements.

Governmental Activities

Governmental activities are generally financed through taxes, intergovernmental revenues, and service fees. Most of the Metropolitan District's programs and services include operation and maintenance of physical plant, health and safety instruction, and youth and adult activities for culture and recreation activities.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS
 For the Fiscal Year Ended December 31, 2022

Property and other taxes account for 91% of the total revenues. Charges and Fees account for 7% and other revenue accounts for 2% of the total revenue. General fund revenues were used for operations and maintenance of facility which includes a swimming pool, full service kitchen, weight rooms, meeting rooms, etc. A significant amount also went to salaries for employees and utilities.

The General fund ended with more expenditures than revenue by the amount of \$10,896.

The Conservation trust fund consists of Colorado Lottery Funds and is restricted for the maintenance of recreational facilities. This fund ended with more expenditures than revenues by the amount of \$11,907.

Capital Assets and Debt Administration

Capital Assets

By the end of 2022, the District had invested in a broad range of capital assets, including, land, building, site improvements and furniture and fixtures. See table 3 below.

Table 3
 Capital Assets

	<u>Governmental Activities</u>
Land	\$ 24,500
Buildings and Improvements	2,808,867
Equipment	497,418
Furniture and Fixtures	17,448
Total	3,348,233
Depreciation	(1,903,060)
Total	\$ 1,445,173

Depreciation for 2022 was \$117,474 and \$113,471 for 2021

Long-Term Debt

At the end of 2022 the District had \$300,000 in General Obligation Bonds and Registered B Coupons. \$95,000 was paid on this debt during the year ended December 31, 2022

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ended December 31, 2022

Economic Factors Regarding Future Years

The short, medium, and long range goals are as follows.

Short term goals are to make the facility available to the public on a day to day basis so that public has a safe, clean family oriented environment.

Medium range goals are to build programs that address the needs of the public. This will include maintaining and updating the existing faculty to address these needs.

Long term goals include an addition to the current facility that will address the growing population and infrastructure needed to offer services that arise. This includes the acquisition of land and infrastructure in order to facilitate camps and retreats as well as adding transportation for youth programs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 Blanca/Fort Garland Metropolitan District, P.O. Box 310, Blanca, Colorado.

BASIC FINANCIAL STATEMENTS

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

	<u>Governmental Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash	581,169	581,169
Receivables (Net, where Applicable, of Allowance for Uncollectibles):		
Accounts	-	-
Grants	-	-
Net Pension Asset	27,485	27,485
Property Tax Receivable	613,068	613,068
Prepaid Expense	5,925	5,925
Fixed Assets	3,348,233	3,348,233
Accumulated Depreciation	(1,903,060)	(1,903,060)
<u>Total Assets</u>	<u>2,672,820</u>	<u>2,672,820</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pensions	46,456	46,456
Other Post Employment Benefits	4,840	4,840
<u>Total Deferred Outflows of Resources</u>	<u>51,296</u>	<u>51,296</u>
<u>LIABILITIES</u>		
Accounts Payable	18,774	18,774
Accrued Interest Payable	1,153	1,153
Compensated Absences	10,907	10,907
Net Pension Liability	-	-
Net Other Post Retirement Benefits Liability	21,489	21,489
Capital Lease	13,284	13,284
General Obligation Bonds Payable:		
Due Within One Year	95,000	95,000
Due Later Than One Year	205,000	205,000
<u>Total Liabilities</u>	<u>365,607</u>	<u>365,607</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Property Taxes	613,068	613,068
Pension	238,206	238,206
Other Post Employment Benefits	7,900	7,900
<u>Total Deferred Inflow of Resources</u>	<u>859,174</u>	<u>859,174</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,131,889	1,131,889
Restricted for:		
Tabor Reserve	16,500	16,500
Debt	457,354	457,354
Culture and Recreation	3,889	3,889
Unrestricted	(110,297)	(110,297)
<u>Total Net Position</u>	<u>1,499,335</u>	<u>1,499,335</u>

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>
<u>ASSETS</u>			
Cash	108,445	3,889	468,835
Receivables (Net of Allowance Where Applicable)			
Accounts	-	-	-
Grants	-	-	-
Property Tax	456,186	-	156,882
Prepaid Expense	5,925	-	-
Due From Other Funds	<u>11,218</u>	<u>-</u>	<u>-</u>
<u>Total Assets</u>	<u>581,774</u>	<u>3,889</u>	<u>625,717</u>
<u>LIABILITIES</u>			
Accounts Payable	11,266	-	263
Due To Other Funds	-	-	11,218
Payroll Liabilities	<u>7,245</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities</u>	<u>18,511</u>	<u>-</u>	<u>11,481</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Tax	<u>456,186</u>	<u>-</u>	<u>156,882</u>
<u>FUND BALANCES</u>			
Nonspendable	5,925	-	-
Restricted			
Emergencies	16,500	-	-
Culture and Recreation	-	3,889	-
Debt Service	-	-	457,354
Committed	-	-	-
Assigned	-	-	-
Unassigned	<u>84,652</u>	<u>-</u>	<u>-</u>
<u>Total Fund Balances</u>	<u>107,077</u>	<u>3,889</u>	<u>457,354</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>581,774</u>	<u>3,889</u>	<u>625,717</u>

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

Other Governmental Funds	Total Governmental Funds
-	581,169
-	-
-	-
-	613,068
-	5,925
-	<u>11,218</u>
<u>-</u>	<u>1,211,380</u>
-	-
-	11,529
-	11,218
-	<u>7,245</u>
<u>-</u>	<u>29,992</u>
-	-
<u>-</u>	<u>613,068</u>
-	-
-	5,925
-	16,500
-	3,889
-	457,354
-	-
-	-
-	<u>84,652</u>
<u>-</u>	<u>568,320</u>
-	-
<u>-</u>	<u>1,211,380</u>

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2022

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

<u>Total Fund Balance – Governmental Funds</u>	568,320
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$3,348,233 and the accumulated depreciation is \$1,903,060.	1,445,173
Long-Term liabilities, including loans and capital leases are not due and payable in the current period and therefore are not reported in the funds. Issue costs associated with debt is expensed in the funds when incurred but is capitalized and amortized in government wide statements. Interest expense is recorded in the fund financial statements when paid.	
General Obligation Bonds	(300,000)
Lease Payable	(13,284)
Accrued Interest Payable	<u>(1,153)</u>
	(314,437)
The liability for compensated absences is not recorded at the fund level.	(10,907)
The Net Pension Liability, along with associated deferred flows, is not recorded at the fund level but is recognized as part of the entity wide financial information.	
Net Pension Asset	27,485
Net OPEB Liability	(21,489)
Deferred Inflows	(246,106)
Deferred Outflows	<u>51,296</u>
	<u>(188,814)</u>
<u>Total Net Position – Governmental Activities</u>	<u>1,499,335</u>

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>
<u>REVENUES:</u>			
Taxes	482,984	-	154,362
Intergovernmental Revenues	-	10,897	-
Charges and Fees	45,880	-	-
Grants and Donations	2,350	-	-
Miscellaneous Revenues	5,006	26	746
<u>Total Revenues</u>	<u>536,220</u>	<u>10,923</u>	<u>155,108</u>
 <u>EXPENDITURES:</u>			
Culture and Recreation	535,729	-	-
Debt Service			
Principal	11,387	-	90,000
Interest and Fees	-	-	18,746
Capital Outlay	-	22,830	-
<u>Total Expenditures</u>	<u>547,116</u>	<u>22,830</u>	<u>108,746</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>(10,896)</u>	 <u>(11,907)</u>	 <u>46,362</u>
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 <u>(10,896)</u>	 <u>(11,907)</u>	 <u>46,362</u>
 <u>FUND BALANCES, Beginning</u>	 <u>117,973</u>	 <u>15,796</u>	 <u>410,992</u>
 <u>FUND BALANCES, Ending</u>	 <u>107,077</u>	 <u>3,889</u>	 <u>457,354</u>

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

Other Governmental Funds	Total Governmental Funds
-	637,346
-	10,897
-	45,880
-	2,350
<u>-</u>	<u>5,778</u>
<u>-</u>	<u>702,251</u>
-	535,729
-	101,387
-	18,746
<u>-</u>	<u>22,830</u>
<u>-</u>	<u>678,692</u>
<u>-</u>	<u>23,559</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
-	23,559
<u>-</u>	<u>544,761</u>
<u>-</u>	<u>568,320</u>

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

BLANCA/FORT GARLAND METROPOLITAN. DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended December 31, 2022

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

<u>Net Change in Fund Balances – Total Governmental Funds</u>		23,559
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the difference in depreciation and capital outlays in the current period.</p>		
Capital outlays more than \$500	-	
Depreciation expense	(117,474)	(117,474)
<p>Proceeds from the issuance of debt are recognized as sources in the fund financial statements in the period received. The costs associated with the issuance of debt are recognized as expenditures in the period paid. Interest costs are recorded by the funds at the payment date.</p>		
Change in Accrued Interest Payable	<u>350</u>	350
<p>The changes in compensated absences are not reflected at the fund level.</p>		
		(1,647)
<p>Principal payments on debt are recorded as expenditures in the fund financial statements.</p>		
Principal Paid on General Obligation Bonds	90,000	
Principal Paid Capital Lease	<u>11,387</u>	101,387
<p>The increase in net pension liability, along with the changes and amortizations of deferred flows associated with the net pension liability are not recorded at the fund level:</p>		
Pension Change	92,138	
OPEB Change	<u>2,001</u>	<u>94,139</u>
<u>Change in Net Position of Governmental Activities</u>		<u>100,314</u>

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The reporting entity, for financial purposes, is defined as the primary government (the Blanca/Fort Garland Metropolitan District) and its component units. The District has no component units; the financial statements are comprised of the funds and account groups more fully described in subsequent information contained in the footnotes.

The accounting policies of the Blanca/Fort Garland Metropolitan District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. Government – Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Con't)

liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

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

The *conservation trust fund* is used to account for the receipt and use of Colorado Lottery Funds.

The *bond redemption fund* is used to account for the taxes collected from a dedicated mill levy to pay general obligation debt. (Debt Service Fund)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5-20
Buildings and Improvements	10-50
Furniture and Fixtures	10-20

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. Budgets for the General Fund, Conservation Trust Fund and Bond Redemption Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at the end of the year.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting).

I. Property Taxes

Property taxes represent ad valorem taxes levied by the District, which are payable to the County Treasurer, and are recognized as revenue by the District in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property Taxes (Continued)

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

K. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the Board, either because of a Board Policy in the Policy Manual, or because of motions that passed at Board meetings.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. GASB Statement No. 54 (Continued)

Assigned Fund Balance Policy:

The Board’s Assigned Fund Balance is fund balance reporting occurring by Board authority, under the direction of the Executive Director.

Order of Fund Balance Spending Policy

The Board’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	General Fund	Conservation Trust Fund	Debt Service Fund	Total Governmental Funds
<u>Nonspendable:</u>	5,925	-	-	5,925
<u>Restricted:</u>				
Emergencies	16,500	-	-	16,500
Culture and Recreation	-	3,889	-	3,889
Debt Service	-	-	457,354	457,354
<u>Committed:</u>	-	-	-	-
<u>Assigned:</u>	-	-	-	-
<u>Unassigned</u>	<u>84,652</u>	-	-	<u>84,652</u>
<u>Total Fund Balances</u>	<u>107,077</u>	<u>3,889</u>	<u>457,354</u>	<u>568,320</u>

O. Recently Adopted Accounting Pronouncements

In June of 2017, the Governmental Accounting Standards Board issued Statement No. 87, Leases. The original effective date was for reporting periods beginning after December 15, 2019 but was extended to periods beginning after June 15, 2021.

On January 1, 2022 the District implemented the statement for leases. The District will comply on all leases that are individually or aggregately material to the financial statements.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
<u>Capital Assets Not Being Depreciated:</u>				
Land	24,500	-	-	24,500
<u>Capital Assets Being Depreciated:</u>				
Building and Improvements	2,808,867	-	-	2,808,867
Equipment	497,418	-	-	497,418
Furniture and Fixtures	17,448	-	-	17,448
<u>Total Capital Assets Being Depreciated</u>	<u>3,373,733</u>	<u>-</u>	<u>-</u>	<u>3,323,733</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings and Improvements	1,448,985	85,054	-	1,534,039
Equipment	319,352	32,330	-	351,682
Furniture and Fixtures	17,249	90	-	17,339
<u>Total Accumulated Depreciation</u>	<u>1,785,586</u>	<u>117,474</u>	<u>-</u>	<u>1,903,060</u>
<u>Total Capital Assets Being Depreciated,</u>				
<u>Net</u>	<u>1,538,147</u>	<u>(117,474)</u>	<u>-</u>	<u>1,420,673</u>
<u>Governmental Activities</u>				
<u>Capital Assets, Net</u>	<u>1,562,647</u>	<u>(117,474)</u>	<u>-</u>	<u>1,445,173</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities:</u>	
Culture and Recreation	<u>117,474</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>117,474</u>

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 CASH AND INVESTMENTS

The District's deposits at year end were covered by Federal depository insurance or secured under the Public Deposit Protection Act of the State of Colorado, whereby the custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured	250,000	250,000
Uninsured, Collateralized Under the Public Deposit Protection Act of the State of Colorado	<u>330,012</u>	<u>327,057</u>
<u>Sub-Total</u>	<u>580,012</u>	<u>577,057</u>
Cash with County Treasurer	-	4,112
Cash on Hand	<u>-</u>	<u>-</u>
<u>Total Cash and Deposits</u>	<u>580,012</u>	<u>581,169</u>

Cash of \$16,500 is restricted as Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado. (See Note 5)

As presented above, deposits with a bank balance of \$330,012 and a carrying balance of \$327,057 as of December 31, 2022 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 4 COMPENSATED ABSENCES

Changes in the liability for compensated absences follows:

Beginning Balance			Ending Balance
<u>1/1/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/22</u>
<u>9,260</u>	<u>1,647</u>	<u>-</u>	<u>10,907</u>

NOTE 5 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic contributions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voters approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocable pledging present cash reserves for all future payments.

On May 7, 1996, the registered voters approved a ballot resolution authorizing Blanca/Fort Garland Metropolitan District to collect, retain and expend (during 1996 and beyond) all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

NOTE 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 LONG-TERM DEBT

During the year ended December 31, 2004, the District issued debt in the form of General Obligation Bonds for the purpose of constructing facilities additions. The principal amount of bonds issued was \$1,400,000. Interest on the bonds ranges from 2.25% to 3.7%. In addition, registered "B" coupons were issued in the amount of \$109,443 paying interest from 2.25% to 2.7%. A schedule of changes and debt service follows:

	<u>12-31-21</u>	<u>Issued</u>	<u>Paid</u>	<u>12-31-22</u>	<u>Due Within One Year</u>
Series 2004 General Obligation Bonds	<u>390,000</u>	<u>-</u>	<u>90,000</u>	<u>300,000</u>	<u>95,000</u>

Series 2004 General Obligation Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>95,000</u>	<u>13,875</u>	<u>108,875</u>
2024	<u>100,000</u>	<u>9,481</u>	<u>109,481</u>
2025	<u>105,000</u>	<u>4,856</u>	<u>109,856</u>
	<u>300,000</u>	<u>28,212</u>	<u>328,212</u>

NOTE 8 LEASE PAYABLE

The District purchased equipment in 2019 by entering into a lease financing arrangement. The amount of the lease was \$51,939. The 58 monthly payments of \$948.93 began in May of 2019. Interest is at a rate of 2.292%. The following is a schedule of the required future minimum payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>10,768</u>	<u>183</u>	<u>10,951</u>
2024	<u>2,516</u>	<u>6</u>	<u>2,522</u>
	<u>13,284</u>	<u>189</u>	<u>13,473</u>
Less: Amounts Representing Interest			<u>189</u>
Present Value of Future Minimum Payments			<u>13,284</u>

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies:

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 2021. 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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

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, 2022: Eligible employees and the Blanca/Fort Garland Metropolitan 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, 2022 through December 31, 2022 are summarized in the table below:

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employee contribution (all employees other than State Troopers)	8.50%	8.50%	8.50%	9.00%

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

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employer contribution rate	10.50%	10.50 %	10.50%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	9.48%	9.48%	9.48%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%	0.02%	0.03%	0.03%
Total employer contribution rate to the LGDTF	13.20%	13.20%	13.21%	13.71%

**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 Blanca/Fort Garland Metropolitan District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Blanca/Fort Garland Metropolitan District were \$32,588 for the year ended December 31, 2022.

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

At December 31, 2022, the Blanca/Fort Garland Metropolitan District reported an asset of \$27,485 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 (TPL) 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 TPL to December 31, 2021. The Blanca/Fort Garland Metropolitan District proportion of the net pension liability was based on the Blanca/Fort Garland Metropolitan District contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers.

At December 31, 2021, the Blanca/Fort Garland Metropolitan District proportion was 0.0321%, which was an increase of 0.001% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Blanca/Fort Garland Metropolitan District recognized pension income of \$92,138. At December 31, 2022, the Blanca/Fort Garland Metropolitan District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	1,343	(459)
Changes of assumptions or other inputs	9,317	-
Net difference between projected and actual earnings on pension plan investments	-	(237,747)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,208	-
Contributions subsequent to the measurement date	32,588	N/A
Total	46,456	(238,206)

\$32,588 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, 2023. 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, 2022	
2023	(48,476)
2024	(89,650)
2025	(57,363)
2026	(28,849)
2027	-
Thereafter	-

Actuarial Assumptions. The TPL 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%
Real wage growth	0.70%
Wage Inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20% – 11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06*	Financed by the AIR

* 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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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 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.
- 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.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, 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 percentage 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:

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

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%.
- 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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Based on the above assumptions and methods, 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 Blanca/Fort Garland Metropolitan District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension (asset)	188,450	(27,485)	(208,105)

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

NOTE 10 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the Blanca/Fort Garland Metropolitan District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and 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 purpose of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) 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 health benefits program 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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

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 benefits based on 20 or more years of service credit. There is a 5% 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.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% 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 Blanca/Fort Garland Metropolitan District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Blanca/Fort Garland Metropolitan District were \$2,464 for the year ended December 31, 2022.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

At December 31, 2022, the Blanca/Fort Garland Metropolitan District reported a liability of \$21,489 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) 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 TOL to December 31, 2021. The Blanca/Fort Garland Metropolitan District proportion of the net OPEB liability was based on the Blanca/Fort Garland Metropolitan District contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Blanca/Fort Garland Metropolitan District proportion was 0.0025%, which was an increase of 0.0001 from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Blanca/Fort Garland Metropolitan District recognized OPEB income of \$2,001. At December 31, 2022, the Blanca/Fort Garland Metropolitan District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	33	(5,095)
Changes of assumptions or other inputs	445	(1,166)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,330)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,898	(309)
Contributions subsequent to the measurement date	2,464	N/A
Total	4,840	(7,900)

\$2,464 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, 2023. 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 December 31, 2022	
2023	(1,592)
2024	(1,730)
2025	(1,479)
2026	(711)
2027	(17)
Thereafter	5

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40% -11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029	
Medicare Part A premiums			3.75% in 2021, gradually increasing to 4.50% in 2029	
DPS benefit structure:				
Service-based premium subsidy			0.00 %	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

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, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members Without Medicare Part A		
	Monthly Cost	Monthly Premium	Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	\$596	\$199	\$562

The 2021 Medicare Part A premium is \$471 (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, 2020, 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 TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, 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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

- 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 2021 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 PERA Board’s actuary, as discussed above.

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.

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%	

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

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%.

Sensitivity of the Blanca/Fort Garland Metropolitan District proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$20,871	\$21,489	\$22,203

Discount rate. The discount rate used to measure the TOL was 7.25%. The projection of cash flows used to determine the discount rate applied and 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, 2021, 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%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

Based on the above assumptions and methods, the HCTF'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 OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. 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 Blanca/Fort Garland Metropolitan District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$24,957	\$21,489	\$18,526

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 11 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

The following interfund activity has been eliminated in the government-wide financial statements:

	<u>Interfund Transfer In</u>	<u>Interfund Transfer Out</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	-	-	11,218	-
Conservation Trust Fund	-	-	-	-
Bond Redemption Fund	-	-	-	11,218
	-	-	11,218	11,218

NOTE 12 INTERFUND BALANCES

The Bond Redemption Fund had amounts due to other funds at year end. They will be liquidated in 2023.

NOTE 13 COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL

The District is one of approximately 360 special districts which are members of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2019. The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability and public officials coverage for claims up to \$1,000,000. The Pool is self insured for 100% of the first \$150,000 of all claims and covered 100% for claims in excess of 150,000 (not to exceed \$850,000).

Employment related wrongful termination claims are shared 50% with the Pool up to \$200,000 (\$100,000 Pool and \$100,000 District). The District is responsible for all claims in excess of \$200,000.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 13 COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL (Continued)

The District pays annual premiums to the Pool for liability, property and public officials coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from insurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

A summary of the latest available audited financial information for the Pool as of and for the year ended December 31, 2021 is as follows:

Assets	<u>68,195,261</u>
Liabilities	46,165,251
Capital and Surplus	<u>22,030,010</u>
	<u>68,195,261</u>
Revenue	24,889,624
Underwriting Expenses	<u>25,123,490</u>
Underwriting Gain (Loss)	(233,866)
Other Income	482,027
Other – Change in Nonadmitted Assets	<u>(119,543)</u>
Net Income (Loss) and Changes	<u>128,618</u>

There is no current or long-term debt outstanding; the above liabilities represent incurred claims and an estimated liability for incurred but not reported claims at December 31, 2021.

NOTE 14 BUDGET INFORMATION

For the year ended December 31, 2022, the Conservation Trust Fund had expenditures in excess of amounts budgeted of \$13,630.

NOTE 15 COMPENSATED ABSENCES

Permanent full-time employees earn sick leave at the rate of one day per month. Unused sick leave may be carried forward at year end at a maximum of 30 days. At the end of employment, accrued sick leave is compensated at the employee’s hourly rate. The liability for accrued sick leave at December 31, 2022 was \$10,907.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

General Fund

Conservation Trust Fund

Pension Trend Data

OPEB Trend Data

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Current Property Tax	431,982	431,982	418,444	(13,538)
Interest on Property Taxes	2,000	2,000	2,737	737
Delinquent Property Tax	20,000	20,000	18,843	(1,157)
Specific Ownership Tax	35,000	35,000	42,960	7,960
Ceramics	1,000	1,000	820	(180)
Concessions	3,000	3,000	3,553	553
Interest on Accounts	-	-	-	-
Membership Fees	7,500	7,500	10,042	2,542
Donations and Grants	1,500	1,500	2,350	850
Miscellaneous	3,134	3,134	5,506	2,372
Pool Fees	4,000	4,000	7,136	3,136
Room Rent	3,500	3,500	4,150	650
Swimming Lessons	-	-	-	-
Summer Food Program	40,000	40,000	16,813	(23,187)
Youth Camp Revenue	1,500	1,500	2,866	1,366
<u>Total Revenues</u>	<u>554,116</u>	<u>554,116</u>	<u>536,220</u>	<u>(17,896)</u>
<u>EXPENDITURES</u>				
<u>Culture and Recreation</u>				
Accounting	4,000	4,000	4,500	(500)
Advertising	1,000	1,000	779	221
Audit	4,400	4,400	4,500	(100)
Bank Charges	100	100	47	53
Debt Service	-	-	11,387	(11,387)
Communication	4,500	4,500	4,828	(328)
Concessions Expense	3,000	3,000	1,519	1,481
Dues & Subscriptions	500	500	516	(16)
Ceramic Expense	1,000	1,000	476	524
Electricity	18,000	18,000	21,791	(3,791)
First Aid Supplies	500	500	513	(13)
Heat	75,000	75,000	94,870	(19,870)
Holiday Celebrations	1,000	1,000	2,127	(1,127)
Insurance – Employee Benefit	2,000	2,000	2,227	(227)
Insurance - General	16,000	16,000	15,461	539
Legal	500	500	-	500
Maintenance Supplies	5,000	5,000	10,860	(5,860)
Miscellaneous Expense	-	-	750	(750)
Office Supplies	4,000	4,000	7,791	(3,791)
Payroll Tax Expense	4,000	4,000	12,445	(8,445)
PERA Expense	28,000	28,000	35,103	(7,103)

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2022

<u>EXPENDITURES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Culture and Recreation (Continued)</u>				
Pool Supplies	6,500	6,500	4,172	2,328
Postage	500	500	253	247
Purchased Services	9,000	9,000	16,627	(7,627)
Election Expense	-	-	2,623	(2,623)
Summer Food Program Expense	40,000	40,000	15,580	24,420
Summer Youth Program	11,000	11,000	12,862	(1,862)
Director-Salary	54,795	54,795	54,795	-
Director-Fringe	4,000	4,000	4,000	-
Facilities Coordinator Salaries	31,200	31,200	20,800	10,400
Facilities Coordinator Fringe	4,000	4,000	2,667	1,333
Bookkeeper - Salary	35,360	35,360	35,360	-
Bookkeeper – Fringe	4,000	4,000	4,000	-
Custodian-Salary	31,236	31,236	35,136	(3,900)
Custodian-Fringe	4,000	4,000	5,167	(1,167)
Part-Time Wages	41,122	41,122	62,283	(21,161)
Accrued Leave	16,000	16,000	-	16,000
Training & Staff Development	4,500	4,500	1,741	2,759
Travel	4,500	4,500	1,946	2,554
Town Team Expense	1,000	1,000	1,428	(428)
Upkeep & Repairs	27,072	27,072	7,464	19,608
Workers Compensation Insurance	3,000	3,000	2,286	714
Youth Camp Expense	1,000	1,000	-	1,000
Youth and Adult Programs	2,000	2,000	7,980	(5,980)
Treasurer’s Fee	13,500	13,500	13,183	317
Capital Outlay	38,702	38,702	2,273	36,429
Contingencies	-	-	-	-
<u>Total Expenditures</u>	<u>560,487</u>	<u>560,487</u>	<u>547,116</u>	<u>13,371</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(6,371)</u>	<u>(6,371)</u>	<u>(10,896)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Debt Proceeds – Lease Purchase	-	-	-	-
Transfer	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)</u>	<u>(6,371)</u>	<u>(6,371)</u>	<u>(10,896)</u>	
<u>FUND BALANCE, January 1</u>	<u>6,371</u>	<u>6,371</u>	<u>117,973</u>	
<u>FUND BALANCE, December 31</u>	<u>-</u>	<u>-</u>	<u>107,077</u>	

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 CONSERVATION TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
State Lottery Funds	8,000	8,000	10,897	2,897
Interest	<u>1,200</u>	<u>1,200</u>	26	(1,174)
<u>Total Revenues</u>	<u>9,200</u>	<u>9,200</u>	<u>10,923</u>	<u>1,723</u>
<u>EXPENDITURES</u>				
Culture and Recreation – Capital Outlay	<u>9,200</u>	<u>9,200</u>	<u>22,830</u>	(13,630)
<u>Total Expenditures</u>	<u>9,200</u>	<u>9,200</u>	<u>22,830</u>	(13,630)
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	-	-	(11,907)	
<u>FUND BALANCE, January 1</u>	<u>9,460</u>	<u>9,460</u>	<u>15,796</u>	
<u>FUND BALANCE, December 31</u>	<u>9,460</u>	<u>9,460</u>	<u>3,889</u>	

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0321%	0.0315%	0.032%	0.0292%	0.0299%	0.0305%	0.0334%	0.0374%	-	-
District's proportionate share of the net pension liability (asset)	\$(27,485)	\$164,288	\$227,940	\$367,011	\$332,802	\$412,188	\$367,653	\$302,451	-	-
District's covered payroll	\$241,724	\$255,355	\$222,611	\$214,618	\$191,471	\$188,557	\$184,527	\$189,544	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	11.37%	64.33%	102%	171%	174%	219%	199%	160%	-	-
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.49%	90.88%	86.26%	75.96%	79.37%	73.65%	76.86%	80.72%	-	-

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 For The Last 10 Fiscal Years (As Available)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contributions	\$ 32,588	\$ 33,707	\$ 28,777	\$ 27,214	\$ 24,279	\$ 23,909	\$ 23,398	\$ 24,034	\$ 23,059	\$ 23,337
Contributions in relation to the contractually required contributions	<u>\$ (32,588)</u>	<u>\$ (33,707)</u>	<u>\$ (28,777)</u>	<u>\$ (27,214)</u>	<u>\$ (24,279)</u>	<u>\$ (23,909)</u>	<u>\$ (23,398)</u>	<u>\$ (24,034)</u>	<u>\$ (23,059)</u>	<u>\$ (23,337)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$241,724	\$255,355	\$222,611	\$214,618	\$191,471	\$188,557	\$184,527	\$189,544	\$181,850	\$184,051
Contributions as a percentage of covered payroll	13.48%	13.20%	12.93%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFIT LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net OPEB liability (asset)	0.0025%	0.00241%	0.00239%	0.00226%	0.00232%	0.00234%	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$21,489	\$22,874	\$26,828	\$30,801	\$30,184	\$30,380	-	-	-	-
District's covered payroll	\$241,724	\$255,355	\$222,611	\$214,618	\$191,471	\$188,557	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8.89%	8.95%	12.05%	14.35%	15.76%	16.11%	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%	-	-	-	-

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contributions	\$ 2,464	\$ 2,605	\$ 2,271	\$ 2,189	\$ 1,953	\$ 1,923	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(2,464)</u>	<u>\$(2,605)</u>	<u>\$(2,271)</u>	<u>\$(2,189)</u>	<u>\$(1,953)</u>	<u>\$(1,923)</u>	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
District's covered payroll	\$241,724	\$255,355	\$222,611	\$214,618	\$191,471	\$188,557	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	-	-	-	-

OTHER SUPPLEMENTAL INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Bond Redemption Fund

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 BOND REDEMPTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2022

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
<u>REVENUES</u>				
Property Taxes	155,169	155,169	154,362	(807)
Interest	1,500	1,500	746	(754)
Other	-	-	-	-
<u>Total Revenues</u>	156,669	156,669	155,108	(1,561)
<u>EXPENDITURES</u>				
Debt Service:				
Principal	150,298	150,298	90,000	60,298
Interest	-	-	18,038	(18,038)
Fees	-	-	708	(708)
<u>Total Expenditures</u>	150,298	150,298	108,746	41,552
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	6,371	6,371	46,362	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer	-	-	-	
<u>Total Other Financing Sources (Uses)</u>	-	-	-	
<u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	6,371	6,371	46,362	
<u>FUND BALANCE, January 1</u>	-	-	410,992	
<u>FUND BALANCE, December 31</u>	6,371	6,371	457,354	

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