

# **East Larimer County Water District**

Financial Statements and  
Supplementary Information

December 31, 2022 and 2021

# East Larimer County Water District

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December 31, 2022 and 2021

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## **Independent Auditors' Report**

To the Board of Directors of  
East Larimer County Water District

### **Opinion**

We have audited the accompanying financial statements of the East Larimer County Water District (District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2022, and the changes in financial position and cash flows 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Other Matter**

The financial statements of the District as of and for the year ended December 31, 2021, were audited by other auditors prior to the restatement whose report dated September 30, 2022, expressed an unmodified opinion on those statements.

As part of our audit of the 2022 financial statements, we also audited the adjustments described in Note 14 that were applied to restate the 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2021 financial statements of the District other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' 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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents 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 as a whole. The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 2022 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information for the year ended December 31, 2022 is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The District's basic financial statements for the year ended December 31 2021, which are presented with the accompanying basic financial statements, were audited by other auditors whose reports expressed an unmodified opinion on the respective financial statements. Their report on the 2021 Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2021, as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
February 16, 2024

**East Larimer County Water District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2022 and 2021  
(Unaudited)**

The East Larimer County ("ELCO") Water District (the "District") is hereby submitting its Annual Financial Report for the fiscal year ending December 31, 2022. The report has been prepared in compliance with Statements of the Governmental Accounting Standards Board No. 34, entitled "Basic Financial Statements – Management's Discussion and Analysis - For State and Local Governments" (hereafter "GASB 34"), and related standards. The accuracy, completeness and fairness of the report, including all disclosures, are the responsibility of the District. The District believes the report is complete and accurate in all material respects.

**District History**

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

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

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

**2022 Highlights - Business-Type Activities**

- At December 31, 2022, net position was \$128,959,914 or an increase of \$11,744,545, or an increase of 10% when compared to December 31, 2021.
- Total operating revenues increased to \$7,776,223 during 2022, which was \$592,067, or approximately 8% more than 2021.
- Total operating expenses were \$5,680,471, a decrease of \$279,376, or 4.7% less in 2022 compared to 2021.
- Net capital assets were \$117,771,878 at December 31, 2022 compared to \$105,466,450 at December 31, 2021 for an increase of \$12,305,428, or 12% over 2021.
- Long-term debt decreased to \$3,005,000, at December 31, 2022, which was \$435,000 or 12.6% lower when compared to the balance at December 31, 2021.

**Using this Annual Report**

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

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

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

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

**East Larimer County Water District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2022 and 2021  
(Unaudited)**

**Statements of Net Position**

	2022	Restated 2021	2020
<b>Assets</b>			
Current assets	\$ 19,317,068	\$ 17,899,472	\$ 15,707,144
Capital assets, net	117,771,878	105,466,450	82,704,090
Other non-current assets	143,870	-	-
<b>Total assets</b>	<b>137,232,816</b>	<b>123,365,922</b>	<b>98,411,234</b>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources relating to OPEB	15,597	13,952	19,825
Deferred outflows of resources relating to pension	237,604	426,544	340,695
<b>Total deferred outflows of resources</b>	<b>253,201</b>	<b>440,496</b>	<b>360,520</b>
<b>Liabilities</b>			
Current liabilities	2,065,152	1,593,738	1,756,856
Long-term liabilities	5,176,812	4,024,925	4,823,522
<b>Total liabilities</b>	<b>7,241,964</b>	<b>5,618,663</b>	<b>6,580,378</b>
<b>Deferred inflows of resources</b>			
Deferred inflows of resources relating to OPEB	37,236	39,260	26,010
Deferred inflows of resources relating to pensions	1,246,903	933,126	489,409
<b>Total deferred inflows of resources</b>	<b>1,284,139</b>	<b>972,386</b>	<b>515,419</b>
<b>Net position</b>			
Net investment in capital assets	114,768,813	101,828,141	78,845,585
Restricted	143,870	-	-
Unrestricted	14,047,231	15,387,228	12,830,372
<b>Total net position at December 31,</b>	<b>\$ 128,959,914</b>	<b>\$ 117,215,369</b>	<b>\$ 91,675,957</b>

The long-term debt decrease was due to the payment of \$435,000 principal on the 2009 water enterprise revenue refunding bond. The 2009B Revenue Bond was fully repaid in 2021.

**East Larimer County Water District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2022 and 2021  
(Unaudited)**

<b>Review of Revenues</b>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b><u>Revenues</u></b>			
Operating revenues			
Water service revenue	\$ 7,776,223	\$ 7,184,156	\$ 7,045,478
<b><u>Subtotal</u></b>	<b>7,776,223</b>	<b>7,184,156</b>	<b>7,045,478</b>
Non-operating revenues (Expenses)			
Earnings on investments (loss)	(531,113)	(155,773)	379,937
Interest Expense	(144,955)	(159,915)	(174,588)
Grant revenue	13,115	-	-
Bond Service Fees	(300)	(400)	(400)
Gain on sale of assets	35,000	-	-
Other Income	-	-	8,822
<b><u>Subtotal</u></b>	<b>(628,253)</b>	<b>(316,088)</b>	<b>213,771</b>
<b>Total revenues</b>	<b>\$ 7,147,970</b>	<b>\$ 6,868,068</b>	<b>\$ 7,259,249</b>

Operating revenue was \$7,776,223 or 111% of the budget. Earnings on investments were at a loss in 2022 at (\$531,113) compared with a loss of (\$155,773) in 2021 primarily due to a decrease in earnings rate. The total revenues were up approximately 8% from 2021 primarily due to an increase in water rates.

<b>Review of Expenses</b>			
	<b>2022</b>	<b>Restated 2021</b>	<b>2020</b>
<b><u>Expenses</u></b>			
Operating expenses	\$ 4,520,492	\$ 4,930,250	\$ 4,120,926
Depreciation	1,159,979	1,029,597	925,690
<b>Total operating expenses</b>	<b>\$ 5,680,471</b>	<b>\$ 5,959,847</b>	<b>\$ 5,046,616</b>

Operating expenditures in 2022 compared to 2021 decreased by \$279,376 or 4.6% compared to 2021. The decrease in expenditures in 2022 compared to 2021 is in part due to a reduction in staff costs. Hiring and retaining staff has been a challenge for the District. Additionally, expenses related to hiring consultants for professional services were reduced or started later in the year where the budgeted project was not complete the same fiscal year.

Depreciation increased by \$130,382 during 2022.

<b>Capital Contribution and Transfers</b>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Year Ending December 31</b>			
Capital contributions	\$ 10,277,046	\$ 23,455,521	\$ 10,390,097

Cash capital contributions were \$2,003,974 (not including noncash contributions of \$8,273,072).

**East Larimer County Water District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2022 and 2021  
(Unaudited)**

**Capital Assets**

Year Ending December 31	2022	Restated 2021	2020
Water rights	\$ 25,244,624	\$ 25,244,624	\$ 24,749,723
Water rights pending change of use	45,503,256	37,503,256	19,349,170
Land and right of way	291,150	291,150	291,150
Construction in progress	5,425,257	2,154,510	1,980,322
Building and improvements	2,046,244	1,669,636	1,527,746
Transmission and distribution system	43,202,870	42,063,523	40,465,683
Transportation equipment	842,194	837,657	535,791
Water Storage	3,010,111	2,958,506	2,721,537
Meters	1,885,476	1,607,880	-
Office furniture and equipment	621,900	621,900	621,900
Other equipment	1,072,693	799,155	743,805
SCWTA Treatment Capacity	9,272,194	9,272,194	8,156,241
<b>Total</b>	<b>\$ 138,417,969</b>	<b>\$ 125,023,991</b>	<b>\$ 101,143,068</b>

The District was a participant in upgrading the SCWTA by purchasing an addition 1 MGD of capacity. The District spent approximately \$1 million in 2021 funding the expansion. The expansion of the SCWTA went online in late 2021. Further capital asset information is available in the notes (see pages 18-19).

**Debt and Other Financial Obligations**

The District long-term debt was \$3,005,000 and \$3,440,000 in 2022 and 2021, respectively. The decrease was due to retirement of \$435,000 of the 2009B Water Enterprise Revenue Refunding Bonds. Further debt information is available in the notes (see page 22).

**Contracts and Agreements**

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

**Contacting the District's Financial Management**

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

**East Larimer County Water District**Statements of Net Position  
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u> Restated
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,284,607	\$ 4,125,241
Investments	12,709,529	13,297,390
Receivables, net	138,440	240,560
Prepaid expenses	184,492	236,281
Total current assets	<u>19,317,068</u>	<u>17,899,472</u>
<b>Noncurrent Assets</b>		
Restricted assets:		
Net pension asset	143,870	-
Capital assets:		
Property, plant and equipment, net	<u>117,771,878</u>	<u>105,466,450</u>
Total noncurrent assets	<u>117,915,748</u>	<u>105,466,450</u>
Total assets	<u>137,232,816</u>	<u>123,365,922</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources relating to pensions	237,604	426,544
Deferred outflows of resources relating to OPEB	<u>15,597</u>	<u>13,952</u>
Total deferred outflows of resources	<u>253,201</u>	<u>440,496</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	450,000	435,000
Accounts payable	840,449	429,427
Accrued interest payable	12,080	12,080
HRA liability	<u>762,623</u>	<u>717,231</u>
Total current liabilities	<u>2,065,152</u>	<u>1,593,738</u>
<b>Noncurrent Liabilities</b>		
Accrued compensated absences	42,224	38,972
Long-term debt (net of current maturities and unamortized discount and premium)	2,553,065	3,003,065
Construction deposits	2,469,039	-
Net pension liability	-	862,852
Net OPEB liability	<u>112,484</u>	<u>120,036</u>
Total noncurrent liabilities	<u>5,176,812</u>	<u>4,024,925</u>
Total liabilities	<u>7,241,964</u>	<u>5,618,663</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources relating to pensions	1,246,903	933,126
Deferred inflows of resources relating to OPEB	<u>37,236</u>	<u>39,260</u>
Total deferred inflows of resources	<u>1,284,139</u>	<u>972,386</u>
<b>Net Position</b>		
Net investment in capital assets	114,768,813	101,828,141
Restricted:		
Pension	143,870	-
Unrestricted	<u>14,047,231</u>	<u>15,387,228</u>
Total net position	<u>\$ 128,959,914</u>	<u>\$ 117,215,369</u>

See notes to financial statements

## East Larimer County Water District

Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u> Restated
<b>Operating Revenues</b>		
Water service revenue	\$ 7,776,223	\$ 7,184,156
<b>Operating Expenses</b>		
Operating expenses	4,520,492	4,930,250
Depreciation	1,159,979	1,029,597
Total operating expenses	<u>5,680,471</u>	<u>5,959,847</u>
Operating income (loss)	<u>2,095,752</u>	<u>1,224,309</u>
<b>Nonoperating Revenue (Expenses)</b>		
Earnings (loss) from investments	(531,113)	(155,773)
Interest expense	(144,955)	(159,915)
Grant revenue	13,115	-
Bond service fees	(300)	(400)
Gain on sale of assets	35,000	-
Total nonoperating revenues (expenses)	<u>(628,253)</u>	<u>(316,088)</u>
Net income before capital contributions	1,467,499	908,221
Capital contributions	<u>10,277,046</u>	<u>23,455,521</u>
Change in net position	11,744,545	24,363,742
<b>Net Position, Beginning</b>	117,215,369	91,675,957
Net position adjustment	<u>-</u>	<u>1,175,670</u>
<b>Net Position, Ending</b>	<u>\$ 128,959,914</u>	<u>\$ 117,215,369</u>

See notes to financial statements

# East Larimer County Water District

## Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u> Restated
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 7,878,343	\$ 7,148,161
Cash paid to suppliers	(2,523,654)	(2,190,506)
Cash paid to employees	(2,613,943)	(1,781,330)
	<u>2,740,746</u>	<u>3,176,325</u>
<b>Cash Flows From Capital and Relating Financing Activities</b>		
System development fees	4,746,085	5,455,521
Acquisition and construction of capital assets	(4,803,958)	(5,791,857)
Principal paid on long-term debt	(435,000)	(420,000)
Interest paid on long-term debt	(144,955)	(161,755)
Fees paid for revenue bonds	(300)	(400)
	<u>(638,128)</u>	<u>(918,491)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	-	(1,128,876)
Proceeds from redemption of investments	-	1,982,967
Cash received from earnings on investments	56,748	(352,755)
	<u>56,748</u>	<u>501,336</u>
Net cash flows from investing activities	<u>56,748</u>	<u>501,336</u>
Net change in cash and cash equivalents	2,159,366	2,759,170
<b>Cash and Cash Equivalents, Beginning</b>	<u>4,125,241</u>	<u>1,366,071</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 6,284,607</u>	<u>\$ 4,125,241</u>
<b>Reconciliation of Operating Income to Net Cash Flows From Operating Activities</b>		
Operating income	\$ 2,095,752	\$ 1,224,309
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	1,159,979	1,029,597
Adjustment to retained earnings	-	1,175,670
Changes in assets and liabilities:		
Receivables	102,120	(35,995)
Prepaid expenses	51,789	(54,272)
Accounts payable and HRA liability	(156,920)	(176,818)
Accrued compensated absences	3,252	(8,976)
Net pension liability and related items	(507,674)	24,452
Net OPEB liability and related items	(7,552)	(1,642)
	<u>\$ 2,740,746</u>	<u>\$ 3,176,325</u>
<b>Noncash Investing, Capital and Financing Activities</b>		
Contributed capital assets	<u>\$ 8,000,000</u>	<u>\$ 18,000,000</u>
Capital assets acquired with accounts payable	<u>\$ 613,334</u>	<u>\$ 200,244</u>
Investment market valuation gain (loss)	<u>\$ (587,861)</u>	<u>\$ -</u>

See notes to financial statements

# East Larimer County Water District

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Notes to Financial Statements  
December 31, 2022 and 2021

## 1. Summary of Significant Accounting Policies

### Form of Organization

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

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

### Reporting Entity

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

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

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

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

### Basic Financial Statements

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

### Basis of Accounting

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

# East Larimer County Water District

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Notes to Financial Statements  
December 31, 2022 and 2021

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

## **Budgets and Budgetary Accounting**

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

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

The total appropriated expenditures, original and final, for the District were \$13,816,172 and \$14,050,193, respectively, for the years ended December 31, 2022 and 2021.

## **Cash and Cash Equivalents**

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

## **Investments**

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

## **Allowance for Doubtful Accounts**

The District's receivables are due from commercial and residential customers within the District service area. The District's policy for collections is limited to the right to discontinue service and to place liens on property. The District has determined that no allowance is necessary at December 31, 2022 or 2021, based on historical collection experience, and the ability to place liens on property.

## **Prepaid Expenses**

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

# East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

## Capital Assets

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

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

	<u>Estimated Lives</u>
Building and improvements	10 - 40 years
Transmission and distribution system	5 - 50 years
Transportation equipment	5 - 7 years
Water storage	10 - 50 years
Office furniture and equipment	5 - 20 years
Other equipment	5 - 10 years
Water rights, treatment capacity, land and right of way and construction in progress	N/A

## Joint Venture

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

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

## Debt Related Deferrals

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

## Accrued Compensated Absences Payable

Obligations associated with the District's vacation policy are recorded as a liability and expensed when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is considered a long-term liability. The District has recorded a liability of \$42,224 and \$38,972 at December 31, 2022 and 2021, respectively.

## Deferred Outflows/Inflows of Resources

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

# East Larimer County Water District

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Notes to Financial Statements  
December 31, 2022 and 2021

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

## Pensions

The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability (asset), 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.

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

## Other Post-Employment Benefits (OPEB)

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

## HRA Liability

The District participates in a Health Reimbursement Arrangement (HRA). This account represents costs accumulated to be paid as part of this arrangement.

## Construction Deposits

The District is completing an expansion project in conjunction with a few larger customers. This account represents amounts paid to the District for future construction costs.

## Net Position

Net position is classified in the following categories:

- **Net Investment in Capital Assets** - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- **Restricted Net Position** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

# East Larimer County Water District

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Notes to Financial Statements  
December 31, 2022 and 2021

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

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

## Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed monthly on 30-day cycles. Unbilled water charges are accrued for the period from the last meter reading through year-end and are included in receivables. At December 31, 2022 and 2021, there were no unbilled accounts receivable.

## Operating Revenue and Expenses

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

## Contributions in Aid of Construction

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

## Use of Estimates

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

## Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board has approved the following:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statements No. 32*
- Statements No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

## East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

### 2. Cash and Investments

#### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, C.R.S. require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages or real property located in the State.

The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2022 and 2021, the District has deposits with the financial institution with a carrying amount of \$3,295,454 and \$3,346,380, respectively. The bank balances with the financial institution were \$4,160,961 and \$3,854,110, respectively. Of these amounts, \$250,000 was covered by federal depository insurance. The remaining balances of \$3,910,961 and 3,604,110, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

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

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash on hand	\$ 700	\$ 700
Cash on deposit with financial institutions	3,295,454	3,346,380
Local government investment pool	<u>2,988,453</u>	<u>778,161</u>
Total cash and cash equivalents	<u>\$ 6,284,607</u>	<u>\$ 4,125,241</u>

#### Local Government Investment Pools

At December 31, 2022 and 2021, the District had invested \$2,988,453 and \$778,161, respectively, in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios, and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

# East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

## Investments

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

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

The District's policy is to hold investments until maturity.

## Custodial Credit Risk - Investments

Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or commercial securities that are in the possession of an outside party. As of December 31, 2022 and 2021, none of the District's investments were exposed to custodial credit risk.

At December 31, 2022 the District had the following investments and quality ratings:

<u>Investments</u>	<u>S&amp;P Rating</u>	<u>Moody Rating</u>	<u>Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Concentration of Credit Risk</u>
Cash and cash equivalents	Not rated	Not rated	\$ 2,172,448	n/a	17.1%
Government agency bonds	AA+	AAA	1,275,008	1.1	10.0
U.S. Treasury notes	AA+	AAA	5,512,947	2.2	43.4
Certificated of deposit	Not rated	Not rated	3,749,126	2.0	29.5
Total			<u>\$ 12,709,529</u>		

## East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

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

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

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

The value of investments as December 31, 2022 was:

Description	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 2,172,448	\$ 2,172,448	\$ -	\$ -
Government agency bonds	1,275,008	-	1,275,008	-
U.S. Treasury notes	5,512,947	-	5,512,947	-
Certificates of deposit	3,749,126	-	3,749,126	-
Total	<u>\$ 12,709,529</u>	<u>\$ 2,172,448</u>	<u>\$ 10,537,081</u>	<u>\$ -</u>

The value of investments as December 31, 2021 was:

Description	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,873,884	\$ 1,873,884	\$ -	\$ -
Government agency bonds	1,557,133	-	1,557,113	-
U.S. Treasury notes	4,618,222	-	4,618,222	-
Certificates of deposit	5,248,151	-	5,248,151	-
Total	<u>\$ 13,297,390</u>	<u>\$ 1,873,884</u>	<u>\$ 11,423,506</u>	<u>\$ -</u>

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

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

# East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

## Interest Rate Risk

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

## 3. Receivables

Receivables consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Water service	\$ 99,050	\$ 211,566
Accrued interest	18,556	18,556
Miscellaneous	<u>20,834</u>	<u>10,438</u>
Total	<u>\$ 138,440</u>	<u>\$ 240,560</u>

## East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

### 4. Capital Assets

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

	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Capital assets, not being depreciated:				
SCWTA treatment capacity	\$ 9,272,194	\$ -	\$ -	\$ 9,272,194
Water rights	25,244,624	-	-	25,244,624
Water rights pending charge of use	37,503,256	8,000,000	-	45,503,256
Land and right of way	291,150	-	-	291,150
Construction in progress	2,154,510	3,886,430	(615,683)	5,425,257
Total capital assets, not being depreciated	74,465,734	11,886,430	(615,683)	85,736,481
Capital assets being depreciated:				
Buildings and improvements	1,669,636	376,608	-	2,046,244
Transmission and distribution system	42,063,523	1,139,347	-	43,202,870
Transportation equipment	837,657	75,966	(71,429)	842,194
Water storage	2,958,506	51,605	-	3,010,111
Meters	1,607,880	277,596	-	1,885,476
Office furniture and equipment	621,900	-	-	621,900
Other equipment	799,155	273,538	-	1,072,693
Total capital assets being depreciated	50,558,257	2,194,660	(71,429)	52,681,488
Less accumulated depreciation for:				
Buildings and improvements	(1,330,973)	(88,920)	-	(1,419,893)
Transmission and distribution system	(16,153,624)	(830,310)	-	(16,983,934)
Transportation equipment	(399,285)	(88,587)	71,429	(416,443)
Water storage	(136,380)	(29,145)	-	(165,525)
Meters	(212,476)	(82,993)	-	(295,469)
Office furniture and equipment	(612,925)	(4,424)	-	(617,349)
Other equipment	(711,878)	(35,600)	-	(747,478)
Total accumulated depreciation	(19,557,541)	(1,160,042)	71,492	(20,646,091)
Total capital assets being depreciated, net	31,000,716	1,034,618	-	32,035,397
Capital assets, net	\$ 105,466,450	\$ 12,921,111	\$ (615,683)	\$ 117,771,878

## East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
SCWTA treatment capacity	\$ 8,156,241	\$ 1,115,953	\$ -	\$ 9,272,194
Water rights	24,749,723	494,901	-	25,244,624
Water rights pending charge of use	19,349,170	18,154,086	-	37,503,256
Land and right of way	291,150	-	-	291,150
Construction in progress	<u>1,980,322</u>	<u>585,534</u>	<u>(411,346)</u>	<u>2,154,510</u>
Total capital assets, not being depreciated	<u>54,526,606</u>	<u>20,350,474</u>	<u>(411,346)</u>	<u>74,465,734</u>
Capital assets being depreciated:				
Buildings and improvements	1,527,746	141,890	-	1,669,636
Transmission and distribution system	40,465,683	1,597,840	-	42,063,523
Transportation equipment	535,791	358,390	(56,524)	837,657
Water storage	2,721,537	236,969	-	2,958,506
Meters	1,321,153	286,727	-	1,607,880
Office furniture and equipment	621,900	-	-	621,900
Other equipment	<u>743,805</u>	<u>55,350</u>	<u>-</u>	<u>799,155</u>
Total capital assets being depreciated	<u>47,937,615</u>	<u>2,677,166</u>	<u>(56,524)</u>	<u>50,558,257</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,263,924)	(67,049)	-	(1,330,973)
Transmission and distribution system	(15,330,272)	(823,352)	-	(16,153,624)
Transportation equipment	(424,208)	(31,594)	56,517	(399,285)
Water storage	(110,491)	(25,889)	-	(136,380)
Meters	(145,483)	(66,993)	-	(212,476)
Office furniture and equipment	(608,501)	(4,424)	-	(612,925)
Other equipment	<u>(701,582)</u>	<u>(10,296)</u>	<u>-</u>	<u>(711,878)</u>
Total accumulated depreciation	<u>(18,584,461)</u>	<u>(1,029,597)</u>	<u>56,517</u>	<u>(19,557,541)</u>
Total capital assets being depreciated, net	<u>29,353,154</u>	<u>1,647,569</u>	<u>(7)</u>	<u>31,000,716</u>
Capital assets, net	<u>\$ 83,879,760</u>	<u>\$ 21,998,043</u>	<u>\$ (411,353)</u>	<u>\$ 105,466,450</u>

## East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

### 5. Long-Term Debt

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

	<u>2022</u>	<u>2021</u>
\$3,610,000 – 2009A water enterprise revenue bonds were issued to finance improvements to the District's distribution system. Interest, with rates ranging from 2.0% to 4.5%, is payable semiannually through December 1, 2028. The obligations are secured by net revenues to the system.	\$ 3,005,000	\$ 3,440,000
Total long-term debt	<u>\$ 3,050,000</u>	<u>\$ 3,440,000</u>

The annual requirements to amortize all debt outstanding as of December 31, 2022, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending December 31:			
2023	\$ 450,000	\$ 127,555	\$ 579,555
2024	470,000	109,555	577,555
2025	490,000	90,285	580,285
2026	510,000	69,705	579,705
2027	530,000	48,030	578,030
2028	555,000	24,975	579,975
Total	<u>\$ 3,005,000</u>	<u>\$ 470,105</u>	<u>\$ 3,475,105</u>

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

A summary of changes in long-term obligations for December 31, 2022 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 3,440,000	\$ -	\$ 435,000	\$ 3,005,000	\$ 450,000
Net bond premium/discount	(1,935)	-	-	(1,935)	-
Compensate absences	38,972	-	-	42,224	-
Net pension liability	862,852	-	862,852	-	-
Net OPEB liability	120,036	-	7,552	112,484	-
Total	<u>\$ 4,459,925</u>	<u>\$ -</u>	<u>\$ 1,305,404</u>	<u>\$ 3,157,773</u>	<u>\$ 450,000</u>

## East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

A summary of changes in long-term obligations for December 31, 2021 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue bonds	\$ 3,860,000	\$ -	\$ 420,000	\$ 3,440,000	\$ 435,000
Net bond premium/discount	(1,495)	(440)	-	(1,935)	-
Compensated absences	47,948	15,291	24,267	38,972	-
Net pension liability	1,196,268	-	333,416	862,852	-
Net OPEB liability	140,801	-	20,765	120,036	-
Total	<u>\$ 5,243,522</u>	<u>\$ 14,851</u>	<u>\$ 798,448</u>	<u>\$ 4,459,925</u>	<u>\$ 435,000</u>

### 6. Reconciliation of Budget Basis Accounting to GAAP Financial Statements

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

	2022	2021
Revenue per non-GAAP budgetary statement	\$ 12,039,310	\$ 12,483,904
Expenditures per non-GAAP budgetary statement	(9,904,705)	(9,861,839)
Excess of budgeted revenues over budgeted expenditures	2,134,605	2,622,065
Non-GAAP revenues/expenditures:		
Bond principal	435,000	420,000
Capital expenditures	4,803,958	4,064,107
GAAP revenue/expense – adjustments:		
Depreciation expense	(1,159,979)	(962,604)
Amortization of debt deferrals	-	440
Customer deposits for construction	(2,469,039)	-
Noncash contributed capital assets	8,000,000	18,000,000
Change in net position	<u>\$ 11,744,545</u>	<u>\$ 24,144,008</u>

### 7. Risk Management

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

At December 31, 2022, CSDPLP has total admitted assets of \$69,212,177, liabilities of \$45,329,704, and unassigned surplus of \$23,882,473. The liability amount includes no long-term debt. Total revenues for 2022 amounted to \$27,064,468, investment income of \$462,530 and total expenses were \$25,447,966 resulting in a net income of \$2,079,032. The amount of the District's share of these amounts is less than 1%.

## East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

### 8. Public Employees' Retirement Association of Colorado Pension Plan

The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability (asset), 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of December 31, 2022.

#### Plan Description

Eligible employees of the 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 comprehensive annual financial report (Annual Report) that can be obtained at: [www.copera.org/investments/pera-financial-reports](http://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.

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

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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) pursuant to 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 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. 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 of the District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2021 through December 31, 2022 are summarized in the table below:

	<u>January 1, 2021 Through June 30, 2021</u>	<u>July 1, 2021 Through December 31, 2021</u>	<u>January 1, 2022 Through June 30, 2022</u>	<u>July 1, 2022 Through December 31, 2022</u>
Employer contribution	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).

## East Larimer County Water District

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The employer contribution requirements 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	10.5 %	10.5 %	10.5 %	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 Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	9.48 %	9.48 %	9.48 %	9.48 %
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	2.20 %	2.20 %	2.20 %	2.20 %
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	1.50 %	1.50 %	1.50 %	1.50 %
	.02 %	.02 %	.03 %	.03 %
Total employer contribution rate to the LGDTF	<u>13.20 %</u>	<u>13.20 %</u>	<u>13.20 %</u>	<u>13.21 %</u>

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$165,738 and \$164,816 for the years ended December 31, 2022 and 2021, respectively.

### **Pension Liabilities (Assets), Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2022 and 2021, the District reported a liability (asset) of (\$143,870) and \$862,852, respectively for its proportionate share of the net pension liability (asset). The net pension liability (asset) for the LGDTF was measured as of December 31, 2021 and 2020, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 and 2020. The District's proportion of the net pension liability (asset) was based on the District's contributions to the LGDTF for the calendar year 2021 and 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021, the District's proportion was 0.16780%, which was an increase of 0.00223% from its proportion measured as of December 31, 2020.

For the years ended December 31, 2022 and 2021, the District recognized pension expense of (\$357,421) and \$189,268 respectively.

At December 31, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## East Larimer County Water District

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,031	\$ 2,403
Changes of assumptions or other inputs	48,769	-
Net difference between projected and actual earnings on pension plan investments	-	1,244,500
Changes in proportion and differences between contributions recognized and proportionate share of contributions	16,066	-
District contributions subsequent to the measurement date	165,738	-
	<u>\$ 237,604</u>	<u>\$ 1,246,903</u>
Total		

The \$165,738 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 (asset) in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Amortization</b>
Years ending December 31:	
2023	\$ (254,236)
2024	(469,514)
2025	(300,271)
2026	(151,016)
Thereafter	-
	<u>\$ (1,175,037)</u>

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

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

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## Actuarial Assumptions

The total pension liability (asset) in the December 31, 2021 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	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:	1.00% compounded
PERA benefit structure hired prior to 1/1/07; and	Annually
DPS benefit structure (automatic)	
PERA benefit structure hired after 12/31/06	Financed by the Annual Increase Reserve (AIR)

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

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

Post-retirement non-disabled retiree mortality rates are based upon the PubG-2010 Healthy Retiree table with adjustments for credibility and gender, adjusted as follows:

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

The mortality assumption for disabled retirees was based on 99% of the MP-2019 Disabled Retiree Mortality Table.

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. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

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, 2021.

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 weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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PERA's Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, PERA's Board reaffirmed the assumed rate of return at the PERA 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30-Year Expected Geometric Real Rate of Return</b>
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 total pension liability (asset) 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 adjustment resulting from the 2018 automatic adjustment provision assessment, and the additional 0.50%, resulting from the 2020 automatic adjustment provision 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 cost 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 automatic adjustment provision assessment, and additional 0.50%, resulting from 2020 automatic adjustment provision assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future amortization equalization disbursement and supplemental amortization equalization disbursement, until the actuarial value funding ratio reaches 103%, at which point the amortization equalization disbursement and supplemental amortization equalization disbursement will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the annual increase reserve 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.

## East Larimer County Water District

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- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fiduciary net position (FNP), as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the FNP and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lower annual increase cap, from 1.25 to 1.00% resulting from 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, 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 total pension liability (asset). The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

### Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	<b>2022</b>		
	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
District's proportionate share of the net pension liability (asset)	\$ 986,454	\$ (143,870)	\$ (1,089,336)
	<b>2021</b>		
	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
District's proportionate share of the net pension liability (asset)	\$ 1,987,667	\$ 862,852	\$ (76,222)

### Pension Plan Fiduciary Net Position

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

# East Larimer County Water District

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Notes to Financial Statements  
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## 9. Other Post-Employment Benefits

### Plan Description

Eligible employees of the District are provided with OPEB through the Health Care Trust Fund (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, as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERA Care program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at: [www.copera.org/investments/pera-financial-reports](http://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 Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

### PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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.

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

### Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$12,568 and \$12,736 for the years ended December 31, 2022 and 2021, respectively.

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

At December 31, 2022 and 2021, the District reported a liability of \$112,484 and \$120,036, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021 and 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 and 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District's proportion was 0.013045%, which was an increase of 0.0004 from its proportion measured as of December 31, 2020.

For the years ended December 31, 2022 and 2021 the District recognized OPEB expense of (\$114) and \$11,094, respectively. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 171	\$ 26,671
Changes of assumptions or other inputs	2,329	6,102
Net difference between projected and actual earnings on OPEB plan investments	-	4,463
Changes in proportion and differences between contributions recognized and proportionate share of contributions	529	-
District contributions subsequent to the measurement date	12,568	-
Total	<u>\$ 15,597</u>	<u>\$ 37,236</u>

## East Larimer County Water District

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The \$12,568 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 ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Amortization</u>
Years ending December 31,	
2023	\$ (10,832)
2024	(11,742)
2025	(7,774)
2026	(3,725)
2027	(142)
Thereafter	8
	<u>\$ (34,207)</u>

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

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

### Actuarial Assumptions

The total OPEB liability in the December 31, 2021 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	3.20 – 11.30%
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 Medical 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

## East Larimer County Water District

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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 following monthly costs/premiums are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members Without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured RX	\$ 630	\$ 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 total OPEB liability 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%

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

## East Larimer County Water District

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Pre-retirement mortality assumptions for the State and Local Government Divisions 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 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 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 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 following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 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 weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
Global equity	54.0%	5.6%
Fixed income	23.0	1.3
Private equity	8.5	7.1
Real estate	8.5	4.4
Alternatives	6.0	4.7
Total	100.00%	

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

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

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

<u>2022</u>	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
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	\$ 109,254	\$ 112,484	\$ 116,226
<u>2021</u>	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 116,934	\$ 120,036	\$ 123,648

# East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

## Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2020, and the financial status of the HCTF as of the prior measurement date (December 31, 2020). 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 and 2020, measurement dates.
- 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.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

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

	2022		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net OPEB liability	\$ 130,638	\$ 112,484	\$ 96,977

## East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

	2021		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net OPEB liability	\$ 137,504	\$ 120,036	\$ 105,112

Detailed information about the HCTF's fiduciary net position is available in PERA's annual comprehensive financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### 10. Voluntary Investment Program

#### Plan Description

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

#### Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the District has agreed to match employee contributions up to 3% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. The District did not make a contribution on behalf of eligible members during the years ended December 31, 2022 or 2021.

### 11. TABOR Compliance

In November 1992, Colorado voters passed an amendment (Amendment or TABOR) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls or salary or fringe benefit increases. These reserves are required to be 3% or more of the fiscal year spending (excluding bonded debt service). The District is an enterprise fund and has not TABOR revenues, and therefore, has not set aside any monies for emergencies as defined by TABOR.

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

## East Larimer County Water District

Notes to Financial Statements  
December 31, 2022 and 2021

### 12. Water Bank

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

### 13. Subsequent Events

The District evaluated subsequent events through November \_\_\_\_, 2023 the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

### 14. Restatement of Net Position

The District began a large meter change out project in 2017. Prior to that time, small numbers of meters were purchased and replaced annually and expensed as purchased. Due to the large increase in meter value with the continuation of the meter change out project meters will now be recorded as assets and depreciated. The cumulative effect of the change is reflected as a change in the following balances at December 31, 2021.

	<b>As Originally Reported 12/31/21</b>	<b>Adjusted for Meter Capitalization</b>	<b>As Restated 12/31/21</b>
Property, plant and equipment, net	\$ 104,071,046	\$ 1,395,404	\$ 105,466,450
Net investment in capital assets	100,432,737	1,395,404	101,828,141
Operating expenses	5,216,977	(286,727)	4,930,250
Depreciation expense	962,604	66,993	1,029,597
Net position	115,819,965	1,395,404	117,215,369

**REQUIRED SUPPLEMENTARY INFORMATION**

**East Larimer County Water District**

Schedule of the District's Proportionate Share of the Net Pension Liability

December 31, 2022

	<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>
District's proportion of the net pension (asset) liability	0.16780%	0.16557%	0.16356%	0.15334%	0.17333%	0.16505%	0.18176%	0.18960%	0.17053%
District's proportionate share of the net pension (asset) liability	\$ (143,870)	\$ 862,852	\$ 1,196,268	\$ 1,927,804	\$ 1,929,922	\$ 2,228,695	\$ 2,002,235	\$ 1,699,410	\$ 1,271,625
District's covered payroll	\$ 1,248,603	\$ 1,190,184	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447	\$ 1,026,024	\$ 1,038,532	\$ 1,048,599	\$ 926,523
District's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	-11.52%	72.50%	106.21%	178.90%	176.50%	217.22%	192.79%	162.06%	137.25%
Plan fiduciary net position as a percentage of the total pension	101.49%	90.88%	86.26%	75.96%	79.37%	73.60%	76.90%	80.70%	77.66%

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

*These schedules are presented to illustrate the requirements to show information for 10 years.*

*However, until a full 10-year trend is compiled, information is presented for those years for which information is available.*

*See notes to required supplementary information*

**East Larimer County Water District**

Schedule of District Contributions - Pension

December 31, 2022

	<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>
Statutorily Required Contribution	\$ 165,738	\$ 164,816	\$ 150,915	\$ 142,822	\$ 136,639	\$ 136,680	\$ 126,850	\$ 130,890	\$ 131,736	\$ 115,364
Contributions in Relation to the Statutorily Required Contribution	<u>165,738</u>	<u>164,816</u>	<u>150,915</u>	<u>142,822</u>	<u>136,639</u>	<u>136,680</u>	<u>126,850</u>	<u>130,890</u>	<u>131,736</u>	<u>115,364</u>
Contribution Deficiency (Excess)	<u>\$ 1,248,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,232,198	\$ 1,248,603	\$ 1,190,184	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447	\$ 1,026,024	\$ 1,038,532	\$ 1,048,599	\$ 926,523
Payroll	13.45%	13.20%	12.68%	12.68%	12.68%	12.50%	12.36%	12.60%	12.56%	12.45%

*See notes to required supplementary information*

## East Larimer County Water District

Schedule of the District's Proportionate Share of Net OPEB Liability  
December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.01304%	0.01263%	0.01253%	0.01188%	0.01347%	0.01267%
District's proportionate share of the net OPEB liability	\$ 112,484	\$ 120,036	\$ 140,801	\$ 161,600	\$ 175,038	\$ 164,266
District's covered payroll	\$ 1,248,603	\$1,190,184	\$1,126,358	\$ 1,077,595	\$ 1,093,447	\$1,026,024
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	9.01%	10.09%	12.50%	15.00%	16.01%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

*These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.*

See notes to required supplementary information

## East Larimer County Water District

### Schedule of District Contributions - OPEB

December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily Required Contribution	\$ 12,568	\$ 12,736	\$ 12,140	\$ 11,489	\$ 10,991	\$ 11,153	\$ 10,204
Contributions in Relation to the Statutorily Required Contribution	<u>12,568</u>	<u>12,736</u>	<u>12,140</u>	<u>11,489</u>	<u>10,991</u>	<u>11,153</u>	<u>10,204</u>
Contribution Deficiency (Excess)	<u>\$ 1,248,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,232,198	\$ 1,248,603	\$ 1,190,184	\$ 1,126,358	\$ 1,077,595	\$ 1,093,447	\$ 1,026,024
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

*These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.*

*See notes to required supplementary information*

## East Larimer County Water District

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Notes to Required Supplementary Information  
December 31, 2022 and 2021

### Significant Changes in Plan Provisions, Assumptions or Other Inputs Affecting Trends in Actuarial Information (Measurement Date)

Colorado PERA Local Government Division Trust Fund

#### 2021 Changes in Plan Provisions, Assumptions or Other Inputs Since 2020

- Member contribution rates increased by 0.50%
- Employer contribution rates increased by 0.50%
- Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year

#### 2020 Changes in Plan Provisions, Assumptions or Other Inputs Since 2019

- Price inflation assumption was lowered from 2.40% to 2.30%
- Wage inflation assumption was lowered from 3.50% to 3.00%
- Salary scale assumptions were altered to align with the revised economic assumptions and to better reflect actual experience.
- Pre-retirement, post-retirement and disability mortality assumptions for active and retired lives were changed from static mortality tables represented by the RP-2014 Mortality tables, with adjustments for credibility and gender, to generational mortality tables represented by various tables presented in the Pub-2010 Public Retirement Plans Mortality Tables Report, projected using MP-2019 projection scale and adjusted for credibility and gender. In addition, a separate beneficiary mortality table was adopted. Rates of termination/withdrawal, retirement and disability were revised to more closely reflect actual experience.

#### 2019 Changes in Plan Provisions, Assumptions or Other Inputs Since 2018

- Senate Bill (SB) 18-200 was enacted on June 4, 2018, which included the adoption of the automatic adjustment provision (AAP). The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
  - Member contribution rates increase by 0.50%
  - Employer contribution rates increase by 0.50%
  - AI cap is lowered from 1.50% per year to 1.25% per year.
- House Bill (HB) 19-1217, enacted May 20, 2019, repealed the member contribution increases scheduled for the Local Government Division pursuant to SB 18-200.

#### 2018 Changes in Plan Provisions, Assumptions or Other Inputs Since 2017

- Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020 and an additional 0.50% effective July 1, 2021.
- Annual Increase (AI) cap is lowered from 2.00% per year to 1.50% per year.
- Initial AI waiting period is extended from one year after retirement to three years after retirement.
- AI payments are suspended for 2018 and 2019.
- The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years for the Local Government Division.

## **Soldier Canyon Water Treatment Authority**

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Notes to Required Supplementary Information  
December 31, 2022 and 2021

Colorado PERA Health Care Trust Fund

### **2021 Changes in Plan Provisions, Assumptions or Other Inputs Since 2020**

There were no changes made to plan provisions, actuarial methods or assumptions, or other inputs that had a significant effect on trends in actuarial information.

### **2020 Changes in Plan Provisions, Assumptions or Other Inputs Since 2019**

Price inflation assumption was lowered from 2.40% to 2.30%

Wage inflation assumption was lowered from 3.50% to 3.00%

Salary scale assumptions were altered to align with the revised economic assumptions and to better reflect actual experience.

Pre-retirement, post-retirement and disability mortality assumptions for active and retired lives were changed from static mortality tables represented by the RP-2014 Mortality tables, with adjustments for credibility and gender, to a generational mortality tables represented by various tables presented in the Pub-2010 Public Retirement Plans Mortality Tables Report, projected using MP-2019 projection scale and adjusted for credibility and gender. In addition, a separate beneficiary mortality table was adopted.

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

Health care cost and trend assumptions were updated for December 31, 2019 funding valuation and reflected in the TOL as of the December 31, 2020 measurement date.

### **2019 Changes in Plan Provisions, Assumptions or Other Inputs Since 2018**

There were no changes made to plan provisions, actuarial methods or assumptions, or other inputs that had a significant effect on trends in actuarial information.

### **2018 Changes in Plan Provisions, Assumptions or Other Inputs Since 2017**

There were no changes made to plan provisions, actuarial methods or assumptions, or other inputs that had a significant effect on trends in actuarial information.

## **SUPPLEMENTARY INFORMATION**

## East Larimer County Water District

Schedules of Revenues and Expenses - Budget and Actual (Budgetary Basis)

Years Ended December 31, 2022

With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			Variances With Final Budget Positive (Negative)	2021
	Budgeted Amounts		Actual Amounts Budget Basis		Actual Amounts Budget Basis
	Original	Final			
<b>Revenues</b>					
Operating revenues	\$ 6,987,752	\$ 6,987,752	\$ 7,776,223	\$ 788,471	\$ 7,184,156
System development fees	1,558,395	1,558,395	4,746,085	3,187,690	5,455,521
Earnings on investments	11,000	11,000	(531,113)	(542,113)	(155,773)
Miscellaneous income	173,446	173,446	48,115	(125,331)	-
Total revenues	8,730,593	8,730,593	12,039,310	3,308,717	12,483,904
<b>Expenditures</b>					
Field operating expenditures:					
Source of supply	807,227	807,227	728,332	(78,895)	693,316
Water treatment	1,512,760	1,512,760	1,410,945	(101,815)	1,401,711
Transmission and distribution	2,003,698	2,003,698	1,133,980	(869,718)	1,503,546
Total field operating	4,323,685	4,323,685	3,273,257	(1,050,428)	3,598,573
<b>Administration and General Expenditures</b>					
Accounting and finance	25,000	25,000	26,580	1,580	16,500
Administrative and management services	1,174,677	1,174,677	574,334	(600,343)	481,775
Billing and collection	72,925	72,925	115,110	42,185	92,667
Customer service	7,544	7,544	6,561	(983)	4,625
Personnel and training	1,336,000	1,336,000	524,650	(811,350)	1,022,837
Total administration and general expenses	2,616,146	2,616,146	1,247,235	(1,368,911)	1,618,404
Total operational expenditures	6,939,831	6,939,831	4,520,492	(2,419,339)	5,216,977
<b>Nonoperating Expenditures</b>					
Debt service, interest and paying agent fees	580,395	580,395	580,255	(140)	580,755
Capital expenditures	6,295,946	6,295,946	4,803,958	(1,491,988)	4,064,107
Total nonoperating expenditures	6,876,341	6,876,341	5,384,213	(1,492,128)	4,644,862
Total expenditures	13,816,172	13,816,172	9,904,705	(3,911,467)	9,861,839
Excess (deficiency) of budgeted revenues over budgeted expenditures	\$ (5,085,579)	\$ (5,085,579)	\$ 2,134,605	\$ 7,220,184	\$ 2,622,065