

**PARK CENTER WATER DISTRICT**

**Financial Statements  
With  
Independent Auditors' Report**

**For the Year Ended  
December 31, 2022**

**Park Center Water District**

**Table of Contents**

**PAGE**

**FINANCIAL SECTION**

**Management's Discussion and Analysis**

M1 - M4

**Independent Auditors' Report**

1 - 3

**Basic Financial Statements**

Statement of Net Position

4

Statement of Revenues, Expenses and Change in Net Position

5

Statement of Cash Flows

6

Notes to Financial Statements

7 - 33

**Required Supplementary Information** (Pension Schedules Unaudited)

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

34

Schedule of District PERA Pension Contributions

35

Schedule of District's Proportionate Share of the Net HCTF OPEB Liability

36

Schedule of District HCTF OPEB Contributions

37

**Other Supplementary Information**

Statement of Revenues, Expenses and Changes in Net Position - Budget and Actual  
- Water Fund

38

## **FINANCIAL SECTION**

---



---

# Park Center Water District

## Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the District's financial condition and operating results and to disclose to the reader important financial activities and issues related to the District's basic operations and mission. The District operates one business type activity and no governmental activities and is funded through water sales, tap fees, developer contributions and other miscellaneous receipts.

### **DESCRIPTION OF FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements (including the footnotes)*, and *Supplementary Schedules*.

### **STATEMENTS OF NET POSITION AND ACTIVITIES**

#### **HIGHLIGHTS**

- In 2022, total assets were \$2,486,567, an increase of \$47,243 from 2021.
- In 2022, revenues from water sales increased by \$33,521 over 2021.

#### **Condensed Financial Information**

##### CONDENSED STATEMENT OF NET POSITION

|                                  | <b><u>2022</u></b>         | <b><u>2021</u></b>         |
|----------------------------------|----------------------------|----------------------------|
| ASSETS                           |                            |                            |
| Current and Other Assets         | \$ 1,306,985               | \$ 1,207,455               |
| Capital Assets                   | <u>1,179,582</u>           | <u>1,231,869</u>           |
| Total Assets                     | <u>2,486,567</u>           | <u>2,439,324</u>           |
| DEFERRED OUTFLOWS                | <u>105,388</u>             | <u>196,605</u>             |
| LIABILITIES                      |                            |                            |
| Current Liabilities              | 52,372                     | 24,628                     |
| Noncurrent Liabilities           | <u>487,720</u>             | <u>795,226</u>             |
| Total Liabilities                | <u>540,092</u>             | <u>819,854</u>             |
| DEFERRED INFOWS                  | <u>396,713</u>             | <u>360,083</u>             |
| NET POSITION                     |                            |                            |
| Net Investment in Capital Assets | 697,276                    | 708,238                    |
| Restricted                       | 89,732                     | 88,402                     |
| Unrestricted                     | <u>868,142</u>             | <u>659,352</u>             |
| <b>Total Net Position</b>        | <b><u>\$ 1,655,150</u></b> | <b><u>\$ 1,455,992</u></b> |

**CONDENSED STATEMENT OF ACTIVITIES**

|                                | <b>2022</b>         | <b>2021</b>         |
|--------------------------------|---------------------|---------------------|
| <b>OPERATING REVENUES</b>      |                     |                     |
| Utility Charges                | \$ 1,091,076        | \$ 1,057,555        |
| Other Charges for Services     | 30,779              | 17,716              |
| Total Program Revenues         | 1,121,855           | 1,075,271           |
| <b>OPERATING EXPENSES</b>      |                     |                     |
| Personnel Services             | 312,173             | 377,592             |
| Commodity Charges              | 26,522              | 48,171              |
| Administrative/ Office Expense | 37,343              | 12,551              |
| Insurance                      | 23,816              | 23,664              |
| Operating Supplies             | 238,729             | 202,935             |
| Professional Fees              | 55,627              | 35,976              |
| Repairs and Maintenance        | 131,610             | 104,205             |
| Travel and Training            | 21,554              | 13,951              |
| Telephone and Utilities        | 41,403              | 36,333              |
| Other Operating Expenses       | 23,493              | 18,549              |
| Depreciation Expense           | 95,849              | 93,554              |
| Other Capital Outlay           | 1,442               | -                   |
| Total Program Expenses         | 1,009,561           | 967,481             |
| <b>OTHER INCOME (EXPENSE)</b>  |                     |                     |
| Tax Revenue                    | 27,608              | 26,565              |
| Investment Earnings            | 12,786              | 266                 |
| Interest Expense               | (25,530)            | (27,670)            |
| Intergovernmental Revenue      | 30,000              | -                   |
| Total Other Income (Expense)   | 44,864              | (839)               |
| <b>Contributed Capital</b>     | 42,000              | 63,000              |
| <b>CHANGE IN NET POSITION</b>  |                     |                     |
|                                | 199,158             | 169,951             |
| Net Position, Beginning        | 1,455,992           | 1,286,041           |
| <b>NET POSITION, ENDING</b>    | <b>\$ 1,655,150</b> | <b>\$ 1,455,992</b> |

**BUDGETARY HIGHLIGHTS**

Changes between the original adopted budget, which was completed in December 2021, and the final budget in 2022, were primarily due to an increase in water sales due to lower than anticipated rainfall in the summer months, a rate increase in January of 2022, unexpected Grant Revenue and an increase in Water Tap Sales, also increases in Vehicle expense and Legal Water. Park Center has historically relied on surface waters originating from Pisgah Reservoir near Cripple Creek. Surface water was available during most of the summer, reducing Park Centers dependency on the Park Center well. Park Center leases well water from the Park Center Well owned by the Bureau of Land Management. The District has a long-term lease with the Bureau of Land Management for the Park Center well, BLM had an appraisal done on the well in 2016. BLM implemented the new rates of \$445 an acre foot as of November 2019. Treatment of the well water, due to its heavy mineralization, costs more than twice as much as treating surface water.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Changes in capital assets for the year ended on December 31, 2022 was as follows:

Net capital assets

|  | <b>12/31/21<br/>Balance</b> | <b>Additions</b>   | <b>Deletions</b> | <b>12/31/22<br/>Balance</b> |
|--|-----------------------------|--------------------|------------------|-----------------------------|
| Capital assets not being depreciated       |                             |                    |                  |                             |
| Land                                       | \$ 63,771                   | \$ -               | \$ -             | \$ 63,771                   |
| Water rights                               | 631,044                     | -                  | -                | 631,044                     |
| Total capital assets not being depreciated | <u>694,815</u>              | <u>-</u>           | <u>-</u>         | <u>694,815</u>              |
| Capital assets being depreciated           |                             |                    |                  |                             |
| Building                                   | 98,429                      | -                  | -                | 98,429                      |
| Treatment plant                            | 2,154,587                   | -                  | -                | 2,154,587                   |
| Distribution system                        | 1,777,922                   | -                  | -                | 1,777,922                   |
| Equipment                                  | <u>122,891</u>              | <u>43,562</u>      | <u>5,042</u>     | <u>161,411</u>              |
| Total capital assets being depreciated     | 4,153,829                   | 43,562             | 5,042            | 4,192,349                   |
| Accumulated depreciation                   | <u>(3,616,774)</u>          | <u>(95,849)</u>    | <u>(5,042)</u>   | <u>(3,707,581)</u>          |
| Net capital assets being depreciated       | <u>537,055</u>              | <u>(52,287)</u>    | <u>-</u>         | <u>484,768</u>              |
| Net capital assets                         | <u>\$ 1,231,870</u>         | <u>\$ (52,287)</u> | <u>\$ -</u>      | <u>\$ 1,179,583</u>         |

## DEBT OUTSTANDING

The District's long-term debt consists of 3 loans with Rural Development (an agency of the U.S. Government). As of December 31, 2022 the balance due on these loans was approximately \$457,200. In January 2023, one of the loans will be paid off. In 2022 the District entered into a capital lease arrangement for the purchase of a copier. The lease was for \$5,015 and requires 48 monthly payments of \$155 through 2026 at 5.00% interest. The District has capitalized assets with the remaining value of \$630.

|                                    | <b>Balance</b>           | <b>Proceeds</b>        |                         | <b>Balance</b>           | <b>Due Within</b>       |
|------------------------------------|--------------------------|------------------------|-------------------------|--------------------------|-------------------------|
|                                    | <b>1/1/22</b>            | <b>From</b>            | <b>Payments</b>         | <b>12/31/22</b>          | <b>One Year</b>         |
|                                    | <u>          </u>        | <u>Borrowings</u>      | <u>          </u>       | <u>          </u>        | <u>          </u>       |
| 2018 Capital Lease                 | \$ 231                   | \$ -                   | \$ 231                  | \$ -                     | \$ -                    |
| 2022 Capital Lease                 | -                        | 6,750                  | 644                     | 6,106                    | 1,599                   |
| USDA Revenue Bonds                 | <u>523,400</u>           | <u>-</u>               | <u>47,200</u>           | <u>476,200</u>           | <u>49,700</u>           |
| <b>Total Long-Term Obligations</b> | <b><u>\$ 523,631</u></b> | <b><u>\$ 6,750</u></b> | <b><u>\$ 48,075</u></b> | <b><u>\$ 482,306</u></b> | <b><u>\$ 51,299</u></b> |

## ECONOMIC AND OTHER FACTORS

Water sales were below 100 million gallons. Continued economic growth in the area resulted in 6 water taps being sold. The District increased water rates for the first time since 2016. Water rates were increased \$0.50 on the top two tiers in January of 2022 and will increase by \$0.50 in January of 2023,2024.

---

---

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the general public with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

District Manager  
Park Center Water District 1660 Reservoir Road  
P.O. Box 1406  
Cañon City, CO 81215 Tel: (719) 275-2055  
Fax: (719) 275-0268

# Mayberry & Company, LLC

## Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

---

Board of Directors  
Park Center Water District  
Cañon City, Colorado

### **Independent Auditors' Report**

#### ***Opinion***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Park Center Water District as of December 31, 2022, and the respective changes in financial position and cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

Management is responsible for the preparation and fair presentation of these 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 the 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 Park Center Water 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' Responsibility for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on 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 Park Center Water District 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 Park Center Water 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.

***Report on Summarized Comparative Information***

We have previously audited the Park Center Water District's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension information and other post-employment benefit plan information listed in the tables of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

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

*Mayberry + Company, LLC*

Englewood, Colorado  
February 21, 2023

## **Basic Financial Statements**

**PARK CENTER WATER DISTRICT**

**STATEMENT OF NET POSITION**

**DECEMBER 31, 2022**

**With Comparative Totals for December 31, 2021**

|   | <b>Total</b>        |                     |
|---|---------------------|---------------------|
|   | <b>2022</b>         | <b>2021</b>         |
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                         |                     |                     |
| <b>ASSETS</b>   |                     |                     |
| <b>Current Assets</b>                                       |                     |                     |
| Cash and Investments  |                     |                     |
| Cash  | \$ 211,090          | \$ 214,672          |
| Investments   | 697,298             | 615,842             |
| Restricted Cash and Investments                             | 89,732              | 88,402              |
| Receivables   |                     |                     |
| Property Tax Receivable                                     | 26,700              | 24,969              |
| Accounts Receivable   | 125,770             | 125,721             |
| Inventory   | 118,344             | 86,176              |
| Prepaid Expenses  | 38,051              | 51,673              |
| Total Current Assets  | <u>1,306,985</u>    | <u>1,207,455</u>    |
| <b>Noncurrent Assets</b>                                    |                     |                     |
| Capital Assets not being depreciated                        | 694,815             | 694,815             |
| Capital Assets being depreciated                            | 4,192,348           | 4,153,828           |
| Accumulated Depreciation                                    | <u>(3,707,581)</u>  | <u>(3,616,774)</u>  |
| Total Noncurrent Assets                                     | <u>1,179,582</u>    | <u>1,231,869</u>    |
| <b>TOTAL ASSETS</b>   | <u>2,486,567</u>    | <u>2,439,324</u>    |
| <b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>             |                     |                     |
| Net Deferred Outflows Pensions                              | 100,306             | 191,439             |
| Net Deferred Outflows OPEB                                  | 5,082               | 5,166               |
| <b>TOTAL DEFERRED OUTFLOWS</b>                              | <u>105,388</u>      | <u>196,605</u>      |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>                   | <u>\$ 2,591,955</u> | <u>\$ 2,635,929</u> |
| <b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>       |                     |                     |
| <b>LIABILITIES</b>  |                     |                     |
| <b>Current Liabilities</b>                                  |                     |                     |
| Accounts Payable  | \$ 41,142           | \$ 13,486           |
| Accrued Liabilities   | 5,371               | 5,240               |
| Accrued Salaries and Benefits                               | 3,370               | 2,842               |
| Accrued Interest Payable                                    | 2,489               | 3,060               |
| Total Current Liabilities                                   | <u>52,372</u>       | <u>24,628</u>       |
| <b>Noncurrent Liabilities</b>                               |                     |                     |
| Due within one year   | 51,299              | 45,837              |
| Due in more than one year                                   | 436,421             | 749,389             |
| Total Noncurrent Liabilities                                | <u>487,720</u>      | <u>795,226</u>      |
| <b>TOTAL LIABILITIES</b>                                    | <u>540,092</u>      | <u>819,854</u>      |
| <b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>              |                     |                     |
| Net Deferred Inflows Pensions                               | 355,659             | 320,929             |
| Net Deferred Inflows OPEB                                   | 14,354              | 14,185              |
| Other Deferred Inflows                                      | 26,700              | 24,969              |
| <b>TOTAL DEFERRED INFLOWS</b>                               | <u>396,713</u>      | <u>360,083</u>      |
| <b>NET POSITION</b>   |                     |                     |
| Net Investment in Capital Assets                            | 697,276             | 708,238             |
| Restricted Net Position                                     | 89,732              | 88,402              |
| Unrestricted Net Position                                   | 868,142             | 659,352             |
| <b>TOTAL NET POSITION</b>                                   | <u>1,655,150</u>    | <u>1,455,992</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b> | <u>\$ 2,591,955</u> | <u>\$ 2,635,929</u> |

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

**PARK CENTER WATER DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
With Comparative Totals for the Year Ended December 31, 2021**

|                                | <b>Total</b>        |                     |
|--------------------------------|---------------------|---------------------|
|                                | <b>2022</b>         | <b>2021</b>         |
| <b>Operating Revenues</b>      |                     |                     |
| Utility Charges                | \$ 1,091,076        | \$ 1,057,555        |
| Other Charges for Services     | 30,778              | 17,716              |
| Total Revenues                 | <u>1,121,854</u>    | <u>1,075,271</u>    |
| <b>Operating Expenses</b>      |                     |                     |
| Personnel Services             | 312,173             | 377,592             |
| Commodity Charges              | 26,522              | 48,171              |
| Administrative/Office Expenses | 37,343              | 12,551              |
| Insurance                      | 23,816              | 23,664              |
| Operating Supplies             | 238,112             | 202,935             |
| Professional Fees              | 55,627              | 35,976              |
| Repairs and Maintenance        | 132,226             | 104,205             |
| Travel and Training            | 21,554              | 13,951              |
| Telephone and Utilities        | 41,403              | 36,333              |
| Other Operating Expenses       | 23,493              | 18,549              |
| Depreciation Expense           | 95,849              | 93,554              |
| Other Capital Outlay           | 1,442               | -                   |
| Total Expenditures             | <u>1,009,560</u>    | <u>967,481</u>      |
| Operating Income (Loss)        | <u>112,294</u>      | <u>107,790</u>      |
| <b>Other Income (Expense)</b>  |                     |                     |
| Tax Revenue                    | 27,608              | 26,565              |
| Intergovernmental Revenue      | 30,000              | -                   |
| Investment Earnings            | 12,786              | 266                 |
| Interest Expense               | (25,530)            | (27,670)            |
| Total Other Income (Expense)   | <u>44,864</u>       | <u>(839)</u>        |
| Net Income (Loss)              | <u>157,158</u>      | <u>106,951</u>      |
| <b>Contributed Capital</b>     |                     |                     |
| Plant Investment Fees          | 30,000              | 45,000              |
| Cash in Lieu of Fees           | 12,000              | 18,000              |
| Total Contributed Capital      | <u>42,000</u>       | <u>63,000</u>       |
| <b>Change in Net Position</b>  | 199,158             | 169,951             |
| <b>Net Position, Beginning</b> | <u>1,455,992</u>    | <u>1,286,041</u>    |
| <b>Net Position, Ending</b>    | <u>\$ 1,655,150</u> | <u>\$ 1,455,992</u> |

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

**PARK CENTER WATER DISTRICT**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
With Comparative Totals for the Year Ended December 31, 2021**

|   | <b>Total</b>      |                   |
|---|-------------------|-------------------|
|   | <b>2022</b>       | <b>2021</b>       |
| <b>Cash Flows From Operating Activities:</b>  |                   |                   |
| Cash Received from Customers  | \$ 1,123,537      | \$ 1,071,010      |
| Cash Paid to Suppliers  | (592,299)         | (531,714)         |
| Cash Paid to or on behalf of Employees  | (451,710)         | (422,923)         |
| Net Cash Provided by Operating Activities   | <u>79,528</u>     | <u>116,373</u>    |
| <b>Cash Flows From Capital and Related Financing Activities:</b>                                      |                   |                   |
| Tap Fees Received   | 42,000            | 63,000            |
| Debt Principal Payments   | (41,324)          | (46,037)          |
| Grant Proceeds  | 30,000            | -                 |
| Interest Payments   | (26,101)          | (28,211)          |
| Proceeds of Capital Asset Sales   | (5,042)           | -                 |
| Acquisition of Capital Assets   | (38,520)          | -                 |
| Cash Flows Used by Capital and Related Financing Activities   | <u>(38,987)</u>   | <u>(11,248)</u>   |
| <b>Cash Flows (Uses) From Noncapital Financing Activities:</b>  |                   |                   |
| Tax Revenue   | <u>25,877</u>     | <u>25,056</u>     |
| <b>Cash Flows (Uses) From Investing Activities:</b>   |                   |                   |
| Interest Received   | <u>12,786</u>     | <u>266</u>        |
| Net Increase (Decrease) in Cash   | 79,204            | 130,447           |
| Cash - Beginning  | <u>918,916</u>    | <u>788,469</u>    |
| <b>Cash - Ending</b>  | <u>\$ 998,120</u> | <u>\$ 918,916</u> |
| Cash  | \$ 211,090        | \$ 214,672        |
| Investments   | 697,298           | 615,842           |
| Restricted Cash and Investments   | <u>89,732</u>     | <u>88,402</u>     |
| <b>Total</b>  | <u>\$ 998,120</u> | <u>\$ 918,916</u> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</b>           |                   |                   |
| Operating Income (Loss)   | \$ 112,294        | \$ 107,790        |
| <b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:</b> |                   |                   |
| Depreciation Expense  | 95,849            | 93,554            |
| Changes in Assets and Liabilities Related to Operations:  |                   |                   |
| (Increase) Decrease in:   |                   |                   |
| Accounts Receivable   | (48)              | (5,770)           |
| Inventory   | (32,168)          | (9,693)           |
| Prepaid Expenses  | 13,621            | (15,390)          |
| Pension and OPEB Deferred Outflows  | 91,217            | (3,329)           |
| (Increase) Decrease in:   |                   |                   |
| Accounts Payable  | 27,655            | (10,911)          |
| Accrued Liabilities   | 131               | 615               |
| Accrued Salaries and Benefits   | 528               | 655               |
| Accrued Compensated Absences  | (6,628)           | (1,778)           |
| Pension and OPEB Deferred Inflows   | 34,899            | 50,261            |
| Pension and OPEB Liability  | (259,553)         | (91,140)          |
| Other Deferred Inflows  | <u>1,731</u>      | <u>1,509</u>      |
| <b>Total Adjustments</b>  | <u>(32,766)</u>   | <u>8,583</u>      |
| <b>Net Cash Used for Operating Activities</b>   | <u>\$ 79,528</u>  | <u>\$ 116,373</u> |

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Because the District has been established for the sole purpose of providing water service for financial reporting purposes, the District shows its basic financial statements as a single proprietary fund.

The Park Center Water District operates under the regulations pursuant to the Colorado Revised Statutes that designate a Board of Directors to act as the governing authority. The District provides potable water to the people within the boundaries of the District, which is located near Cañon City, Colorado.

**Reporting Entity**

Park Center Water District is a political subdivision of the State of Colorado governed by a five member board of directors. The accompanying statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The financial statements of the District include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit or burden on the District
- there is fiscal dependency by the organization on the District

Based on the above criteria, the District has no component units.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements are reported using *the economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

**Fund Accounting**

The District uses one fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District uses only an enterprise (proprietary) fund.

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Budgets**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In September the proposed budget is submitted to the District Board and a "Notice of Budget" is published stating that the proposed budget is on file for inspection.
- In December the budget is approved and adopted fixing the rate of levy of taxation upon taxable property within the District and levies are certified to the county. A certified copy of the adopted budget is sent to the Division of Local Government within 30 days of adoption.
- Prior to December 31, the District enacts an appropriation resolution for the ensuing fiscal year.

The District's adopted annual budget is all prepared on the modified accrual basis of accounting, ie the District budgets for capital outlay and debt principal repayments but does not budget for depreciation. The District may authorize supplemental appropriations during the budget year. All budgetary appropriations lapse at year-end.

**Encumbrances**

The District does not utilize encumbrance accounting.

**Cash and Equivalents**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The District considers its investment in Colotrust as a cash equivalent.

**Investments**

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

**Receivables**

Under the accrual basis of accounting, receivables consist of all revenues earned at year-end and not yet received. Based upon a review of the existing accounts receivable, no allowance for doubtful accounts is required.

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Capital Assets**

Capital assets, which include land, buildings, vehicles and equipment, are reported in the governmental activities column of the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and a useful life of more of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an expense for the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

|                                      |             |
|--------------------------------------|-------------|
| Office and Shop Buildings            | 40 years    |
| Treatment Plant                      | 5-30 years  |
| Distribution System (infrastructure) | 30-40 years |
| Other                                | 3-5 years   |

**Accumulated Unpaid Leave (Compensated Absences)**

The District permits an employee to carry over unused vacation pay to the next calendar year, up to 240 hours without board approval. The District also allows the accumulation of up to 60 days of sick leave. The accumulated vacation balance as of December 31, 2022 was \$28,457.

**Long-Term Obligations**

Long-term debt is reported at face value, including all applicable premiums and discounts and deferred amounts from refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government’s deferred outflows consist of pension and OPEB related items as further described in Note 5 and Note 7.

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Deferred Outflows and Inflows of Resources** (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows related to pension and OPEB liabilities as further described in Note 5 and Note 7 as well as for taxes levied in 2022 to be collected in 2023.

**Net Position**

In the financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

Amounts are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The District's has restricted net position for debt retirement.

**Net Position Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted or unrestricted in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider available restricted net position to have been depleted before using unrestricted net position.

**Property Taxes**

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**PARK CENTER WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District’s financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented for all of the statements and footnotes since their inclusion would make the report unduly complex and difficult to read.

**NOTE 2: CASH AND INVESTMENTS**

The District’s cash and investment balances as of the year ended December 31, 2022 are as follows:

|                                   |                          |
|-----------------------------------|--------------------------|
| Cash                              | \$ 211,090               |
| Investments                       | <u>787,030</u>           |
| <b>Total Cash and Investments</b> | <b><u>\$ 998,120</u></b> |

This balance is comprised of:

|                                   |                          |
|-----------------------------------|--------------------------|
| Cash and Investments              | \$ 908,388               |
| Restricted Cash and Investments   | <u>89,732</u>            |
| <b>Total Cash and Investments</b> | <b><u>\$ 998,120</u></b> |

**DEPOSITS**

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2022, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2: CASH AND INVESTMENTS** (Continued)

At December 31, 2022 the District's deposits are categorized as follows:

|              |                   |                   |
|--------------|-------------------|-------------------|
|              | <u>Balance</u>    | <u>Balance</u>    |
| FDIC Insured | <u>\$ 214,696</u> | <u>\$ 211,090</u> |

**INVESTMENTS**

The following is a summary of District policies related to investments.

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2022, the District did not have any investments requiring safekeeping.

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2: CASH AND INVESTMENTS** (Continued)

**INVESTMENTS**(Continued)

Investments Held

During the year ended December 31, 2022, the District invested funds in the Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by Standard and Poor's.

The Colotrust investment consists of the following:

|  | <u>Fair Value</u>        | <u>Weighted<br/>Maturity</u> | <u>Rating</u> |
|--|--------------------------|------------------------------|---------------|
| Local Government Pool (Colotrust)            | \$ 697,298               | -                            | AAAm          |
| Local Government Pool (Colotrust) - Restrict | <u>89,732</u>            | -                            | AAAm          |
| <b>Total Investments</b>                     | <b><u>\$ 787,030</u></b> |                              |               |

**RESTRICTED CASH AND INVESTMENTS**

Rural Development has required the District to restrict cash to pay the annual installments on the water notes payable.

**NOTE 3: CAPITAL ASSETS**

Changes in capital assets for the year ended December 31, 2022 was as follows:

|  | <u>12/31/21<br/>Balance</u> | <u>Additions</u>   | <u>Deletions</u> | <u>12/31/22<br/>Balance</u> |
|--|-----------------------------|--------------------|------------------|-----------------------------|
| Capital assets not being depreciated     |                             |                    |                  |                             |
| Land                                     | \$ 63,771                   | \$ -               | \$ -             | \$ 63,771                   |
| Water rights                             | <u>631,044</u>              | -                  | -                | <u>631,044</u>              |
| Total capital assets not being depreciat | <u>694,815</u>              | -                  | -                | <u>694,815</u>              |
| Capital assets being depreciated         |                             |                    |                  |                             |
| Building                                 | 98,429                      | -                  | -                | 98,429                      |
| Treatment plant                          | 2,154,587                   | -                  | -                | 2,154,587                   |
| Distribution system                      | 1,777,922                   | -                  | -                | 1,777,922                   |
| Equipment                                | <u>122,891</u>              | <u>43,562</u>      | <u>5,042</u>     | <u>161,411</u>              |
| Total capital assets being depreciated   | 4,153,829                   | 43,562             | 5,042            | 4,192,349                   |
| Accumulated depreciation                 | #####                       | <u>(95,849)</u>    | <u>(5,042)</u>   | #####                       |
| Net capital assets being depreciated     | <u>537,055</u>              | <u>(52,287)</u>    | -                | <u>484,768</u>              |
| Net capital assets                       | #####                       | <u>\$ (52,287)</u> | <u>\$ -</u>      | #####                       |

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4: LONG-TERM OBLIGATIONS**

The following is a schedule of changes in debt for the year ended December 31, 2022:

|                                    | <b>Balance<br/>1/1/22</b> | <b>Proceeds<br/>From<br/>Borrowings</b> | <b>Payments</b>         | <b>Balance<br/>12/31/22</b> | <b>Due Within<br/>One Year</b> |
|------------------------------------|---------------------------|---|-------------------------|-----------------------------|--------------------------------|
| 2018 Capital Lease                 | \$ 231                    | \$ -                                    | \$ 231                  | \$ -                        | \$ -                           |
| 2022 Capital Lease                 | -                         | 6,750                                   | 644                     | 6,106                       | 1,599                          |
| USDA Revenue Bonds                 | 523,400                   | -                                       | 47,200                  | 476,200                     | 49,700                         |
| <b>Total Long-Term Obligations</b> | <b><u>\$ 523,631</u></b>  | <b>#####</b>                            | <b><u>\$ 48,075</u></b> | <b><u>\$ 482,306</u></b>    | <b><u>\$ 51,299</u></b>        |

**Capital Lease**

In 2018 the District entered into a capital lease arrangement for the purchase of a copier. The lease was for \$5,015 and requires 48 monthly payments of \$115 through 2022 at 5.00% interest. The District has capitalized assets with the remaining value of \$630 related to this lease. During the current fiscal year the District made the final payment.

In 2022 the District entered into a capital lease arrangement for the purchase of a copier. The lease was for \$6,750 and requires 48 monthly payments of \$155 through 2026 at an estimated 4.85% interest rate. The District has capitalized assets with the remaining value of \$6,075 related to this lease. In the event of a default the lessor may require the return of leased equipment, all past due amounts and, all remaining payments for the unexpired term, plus lessors booked residual discounted at 3% per annum. Lessor may repossess the leased equipment and use all other legal remedies available with the lessee liable to pay all costs and expenses incurred in any dispute related to this agreement.

Future minimum lease payments under capital lease are as follows:

| <b><u>Fiscal Year</u></b>    | <b><u>Principal</u></b> | <b><u>Interest</u></b> | <b><u>Total</u></b> |
|------------------------------|-------------------------|------------------------|---------------------|
| 2023                         | \$ 1,599                | \$ 261                 | \$ 1,860            |
| 2024                         | 1,678                   | 182                    | 1,860               |
| 2025                         | 1,762                   | 98                     | 1,860               |
| 2026                         | <u>1,068</u>            | <u>17</u>              | <u>1,085</u>        |
| Total minimum lease payments | <u>\$ 6,106</u>         | <u>\$ 559</u>          | <u>\$ 6,665</u>     |

**Bonds Payable**

The District has issued Subordinate Lien Water Revenue Bonds, Series 1983 in the principal amount of \$345,400 to pay for District improvements. The net effective annual interest rate of this issue of bonds is 5.00%. Interest is payable on January 1 and July 1 of each year. The bonds mature serially January 1 of each year. The balance of these bonds at December 31, 2022 is \$19,000. The District made the final payment in January 2023.

The District has issued Water Revenue Bonds, Series 1993 in the principal amount of \$735,000 to pay for construction of a new treatment plant. The annual interest rate of this issue is 5.125%. Principal and interest are payable on June 1 and December 1 of each year through 2033. At December 31, 2022, the balance on these bonds is \$377,300.

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4: LONG-TERM OBLIGATIONS** (Continued)

**Bonds Payable** (Continued)

The District has issued Water Revenue Bonds, Series 1994 in the principal amount of \$160,000 to pay for construction of a new treatment plant. The annual interest rate of this issue is 5.00%. Principal and interest are payable on June 1 and December 1 of each year through 2034. At December 31, 2022, the balance on these bonds is \$79,900.

Debt payments to maturity on these bonds are as follows:

| <u>Fiscal Year</u> | <u>Principal</u>         | <u>Interest</u>          | <u>Total</u>             |
|--------------------|--------------------------|--------------------------|--------------------------|
| 2023               | \$ 49,700                | \$ 23,552                | \$ 73,252                |
| 2024               | 32,500                   | 21,487                   | 53,987                   |
| 2025               | 34,200                   | 19,807                   | 54,007                   |
| 2026               | 36,200                   | 18,036                   | 54,236                   |
| 2027               | 38,200                   | 16,163                   | 54,363                   |
| 2028-2032          | 225,600                  | 48,838                   | 274,438                  |
| 2033-2034          | 59,800                   | 2,814                    | 62,614                   |
| <b>Total</b>       | <b><u>\$ 476,200</u></b> | <b><u>\$ 150,697</u></b> | <b><u>\$ 626,897</u></b> |

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly 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).

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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

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

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

*Contributions provisions as of December 31, 2022:* Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of January 1, 2022 through December 31, 2022. The employer contribution requirements during the period of January 1, 2021 through December 31, 2022 are summarized in the table below:

|  | <b>January 1,<br/>2021<br/>through June<br/>30, 2021</b> | <b>July 1, 2021<br/>through<br/>December<br/>31, 2021</b> | <b>January 1,<br/>2022<br/>Through<br/>June 30, 2022</b> | <b>July 1, 2022<br/>Through<br/>December 31,<br/>2022</b> |
|--|--|---|--|---|
| Employer contribution rate   | 10.50%   | 10.50%  | 10.50%   | 11.00%  |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f) | -1.02%   | -1.02%  | -1.02%   | -1.02%  |
| Amount apportioned to the LGDTF  | 9.48%  | 9.48%   | 9.48%  | 9.48%   |
| Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411                                    | 2.20%  | 2.20%   | 2.20%  | 2.20%   |
| Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411                      | 1.50%  | 1.50%   | 1.50%  | 1.50%   |
| Defined contribution supplement as specified in C.R.S. 24-51-415   | 0.00%  | 0.02%   | 0.03%  | 0.03%   |
| <b>Total employer contribution rate to the LGDTF</b>   | <b>13.18%</b>  | <b>13.20%</b>   | <b>13.21%</b>  | <b>13.71%</b>   |

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

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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 \$39,291 for the year ended December 31, 2022.

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

At December 31, 2022, the District reported an asset of \$34,298 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The District proportion of the net pension liability was based on the District contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021, the District proportion was 0.04000 percent, which was a decrease of 0.00245 from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the District recognized pension expense of \$86,351. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred Outflows</b> | <b>Deferred Inflows</b> |
|--|--------------------------|-------------------------|
| Difference between expected and actual experience  | \$ 1,779                 | \$ (573)                |
| Changes of assumptions or other inputs   | \$ 12,339                | \$ -                    |
| Net difference between projected and actual earnings on pension plan investments   | \$ 41,840                | \$ (342,403)            |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis | \$ 1,006                 | \$ (12,683)             |
| Contributions subsequent to the measurement date   | \$ 43,342                | \$ -                    |
| <b>Total</b>   | <b>\$ 100,306</b>        | <b>\$ (355,659)</b>     |

\$43,342 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

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

| <b>Year Ended December 31:</b> | <b>Fiscal year<br/>Total</b> |
|--------------------------------|------------------------------|
| 2022                           | \$ (70,044)                  |
| 2023                           | (118,883)                    |
| 2024                           | (73,766)                     |
| 2025                           | (36,002)                     |
| <b>Total</b>                   | <b>\$ (298,695)</b>          |

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

| <b>Actuarial cost method</b>  | <b>Entry Age</b>                              |
|---|---|
| Price inflation   | 2.30%   |
| Real wage growth  | 0.70%   |
| Wage inflation  | 3.00%   |
| Salary increase, 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:  |   |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)                      | 1.00% compounded annually                     |
| PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)                           | Financed by the Annual Increase Reserve (AIR) |

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

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

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

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

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

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

| <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%   |
| <b>Total</b>       | <b>100.00%</b>           |   |

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

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

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

|  | <b>1% Decrease<br/>(6.25%)</b> | <b>Current Discount Rate<br/>(7.25%)</b> | <b>1% Increase<br/>(8.25%)</b> |
|--|--------------------------------|--|--------------------------------|
| Proportionate share of the net pension asset (liability) | \$ (235,164)                   | \$ 34,298                                | \$ 259,691                     |

*Pension plan fiduciary net position.* Detailed information about the LGDTF’s fiduciary net position is available in PERA’s Annual Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 6: DEFINED CONTRIBUTION PENSION PROGRAMS**

**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 comprehensive annual financial report for the 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 C.R.S., as amended. Employees have the option of contributing pre or post-tax dollars.

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS**

**Summary of Significant Accounting Policies**

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

**General Information about the OPEB Plan**

*Plan description.* Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual 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 (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**General Information about the OPEB Plan** (Continued)

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

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

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**General Information about the OPEB Plan** (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$3,036 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$26,815 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District proportion was 0.00311 percent, which was a decrease of 0.00013 from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$542. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b>Deferred<br/>Outflows</b> | <b>Deferred<br/>Inflows</b> |
|--|------------------------------|-----------------------------|
| Difference between expected and actual experience  | \$ 47                        | \$ (6,517)                  |
| Net difference between projected and actual earnings on pension plan investments   | \$ 219                       | \$ (1,884)                  |
| Changes of assumptions or other inputs   | \$ 576                       | \$ (1,517)                  |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis | \$ 957                       | \$ (4,355)                  |
| Contributions subsequent to the measurement date   | \$ 3,282                     | \$ -                        |
| <b>Total</b>   | <b>\$ 5,081</b>              | <b>\$ (14,273)</b>          |

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

\$3,282 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year Ended December 31:</b> | <b>Fiscal Year Totals</b> |
|--------------------------------|---------------------------|
| 2022                           | \$ (3,254)                |
| 2023                           | (3,578)                   |
| 2024                           | (3,636)                   |
| 2025                           | (1,424)                   |
| 2026                           | (500)                     |
| 2027                           | (82)                      |
| <b>Total</b>                   | <b>\$ (12,474)</b>        |

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

|   |   |
|---|---|
| Actuarial cost method   | Entry Age   |
| Price inflation   | 2.30%   |
| Real wage growth  | 0.70%   |
| Wage inflation  | 3.00%   |
| Salary increase, 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%   |
| Health care cost trend rates (PERA benefit structure):  |   |
| Service-based premium subsidy   | 0.00%   |
| PERACare Medicare plans   | 4.50% in 2021,<br>6.00% in 2022<br>gradually decreasing<br>to 4.50% in 2029 |
| Medicare Part A premiums  | 3.75% in 2021,<br>gradually increasing<br>to 4.50% in 2029                  |

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

| <b>Initial Costs for Members without Medicare Part A</b> |                     |                        |  |
|--|---------------------|------------------------|--|
| <b>Medicare Plan</b>                                     | <b>Monthly Cost</b> | <b>Monthly Premium</b> | <b>Monthly Cost Adjusted to Age 65</b> |
| Medicare Advantage/Self-Insured Prescription             | \$633               | \$230                  | \$591                                  |
| Kaiser Permanente Medicare Advantage HMO                 | 596                 | 199                    | 562                                    |

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

| <b>Year</b> | <b>PERACare Medicare Plans</b> | <b>Medicare Part A Premiums</b> |
|-------------|--------------------------------|---------------------------------|
| 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%                           |

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

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

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

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

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

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

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

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

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

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

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

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

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

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

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

The 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.

**PARK CENTER WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2022**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| <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%   |
| <b>Total</b>       | <b>100.00%</b>           |   |

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 percent.

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

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

| <b>Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates</b> |             |                    |             |
|---|-------------|--------------------|-------------|
|   | 1% Decrease | Current Trend Rate | 1% Increase |
| Initial PERACare Medicare trend rate  | 3.50%       | 4.50%              | 5.50%       |
| Ultimate PERACare Medicare Part A 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%       |
| Proportionate share of the net OPEB asset (liability)                                       | \$ (26,045) | \$ (26,815)        | \$ (27,707) |

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7: OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

| <b>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</b> |             |                       |             |
|--|-------------|-----------------------|-------------|
|  | 1% Decrease | Current Discount Rate | 1% Increase |
| Discount Rate  | 6.25%       | 7.25%                 | 8.25%       |
| Proportionate share of the net OPEB asset (liability)                        | \$ (31,143) | \$ (26,815)           | \$ (23,118) |

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

**NOTE 8: FUND BALANCE RESERVATIONS/APPROPRIATIONS**

**Emergency Reserve**

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2022 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2022, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

The District operates as a TABOR Enterprise and therefore an Emergency Reserve is not required. The District believes it is in compliance with the provisions of the TABOR Amendment.

**PARK CENTER WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 9: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to firemen; and natural disasters. The District purchases commercial insurance for all risks of loss. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

**Water Sources** - One of the District's sources of water is a well owned by the U.S. Department of Interior, Bureau of Land Management (BLM). The District's lease of this well is for a period of 20 years and is due to expire in March 2041. The District has a preferential right for renewal of the lease at the end of this period. Terms of the lease allow the BLM to adjust the rates charged to the District every five years. In March of 2021, a new lease was signed, but the District was paying the new rate of \$1.37 per one thousand gallons as of 2020.

The District's other source of water is through the Cañon Heights Irrigation and Reservoir Company. The District owns approximately 20% of the outstanding shares in that Company and leases another 2%.

**INTENTIONALLY LEFT BLANK**

**Required Supplementary Information  
(Pension Schedules Unaudited)**

PARK CENTER WATER DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY)  
PERA Pension Plan  
Last 10 Fiscal Years<sup>(1)</sup>

| <u>Fiscal Year</u> | <u>District's proportion of the net pension asset (liability)</u> | <u>District's proportionate share of the net pension asset (liability)</u> | <u>District's covered payroll</u> | <u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability</u> |
|--------------------|---|--|-----------------------------------|---|---|
| 12/31/2022         | 0.040003%   | \$ 34,298  | \$ 309,866                        | 11.07%  | 101.49%   |
| 12/31/2021         | 0.042458%   | \$ (221,258)   | \$ 305,647                        | 72.39%  | 90.88%  |
| 12/31/2020         | 0.041678%   | \$ (307,331)   | \$ 287,019                        | 107.08%   | 86.26%  |
| 12/31/2019         | 0.046815%   | \$ (588,567)   | \$ 307,058                        | 191.68%   | 75.96%  |
| 12/31/2018         | 0.045471%   | \$ (506,283)   | \$ 286,845                        | 176.50%   | 79.37%  |
| 12/31/2017         | 0.045580%   | \$ (615,488)   | \$ 278,399                        | 221.08%   | 73.65%  |
| 12/31/2016         | 0.045878%   | \$ (505,380)   | \$ 260,552                        | 193.97%   | 76.87%  |
| 12/31/2015         | 0.047128%   | \$ (422,413)   | \$ 258,241                        | 163.57%   | 80.72%  |
| 12/31/2014         | 0.053427%   | \$ (439,666)   | \$ 285,039                        | 154.25%   | 81.00%  |

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**PARK CENTER WATER DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**PERA Pension Plan**

**Last 10 Fiscal Years<sup>(1)</sup>**

| <u>Fiscal Year</u> | <u>Contractually<br/>required<br/>contributions</u> | <u>Actual<br/>contributions</u> | <u>Contribution<br/>deficiency<br/>(excess)</u> | <u>District's<br/>covered<br/>payroll</u> | <u>Contributions<br/>as a<br/>percentage of<br/>covered<br/>payroll</u> |
|--------------------|---|---------------------------------|---|---|---|
| 12/31/2022         | \$ 39,291   | \$ 39,291                       | \$ -  | \$ 309,866                                | 12.68%  |
| 12/31/2021         | \$ 38,756   | \$ 38,756                       | \$ -  | \$ 305,647                                | 12.68%  |
| 12/31/2020         | \$ 36,394   | \$ 36,394                       | \$ -  | \$ 287,019                                | 12.68%  |
| 12/31/2019         | \$ 38,935   | \$ 38,935                       | \$ -  | \$ 307,058                                | 12.68%  |
| 12/31/2018         | \$ 36,372   | \$ 36,372                       | \$ -  | \$ 286,845                                | 12.68%  |
| 12/31/2017         | \$ 35,301   | \$ 35,301                       | \$ -  | \$ 278,399                                | 12.68%  |
| 12/31/2016         | \$ 33,038   | \$ 33,038                       | \$ -  | \$ 260,552                                | 12.68%  |
| 12/31/2015         | \$ 32,745   | \$ 32,745                       | \$ -  | \$ 258,241                                | 12.68%  |
| 12/31/2014         | \$ 36,143   | \$ 36,143                       | \$ -  | \$ 285,039                                | 12.68%  |

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**PARK CENTER WATER DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET OPEB ASSET (LIABILITY)  
PERA Health Care Trust Fund  
Last 10 Fiscal Years<sup>(1)</sup>**

| <u>Fiscal Year</u> | <u>District's<br/>proportion<br/>of the net<br/>OPEB asset<br/>(liability)</u> | <u>District's<br/>proportionate<br/>share of the<br/>net OPEB<br/>asset<br/>(liability)</u> | <u>District's<br/>covered<br/>payroll</u> | <u>District's<br/>proportionate<br/>share of the<br/>net OPEB<br/>asset<br/>(liability) as a<br/>percentage of<br/>covered<br/>payroll</u> | <u>Plan fiduciary<br/>net position as<br/>a percentage<br/>of the total<br/>OPEB liability</u> |
|--------------------|--|---|---|--|--|
| 12/31/2022         | 0.0031097%   | \$ (26,815)   | \$ 297,647                                | 9.01%  | 39.40%   |
| 12/31/2021         | 0.0032426%   | \$ (30,812)   | \$ 299,902                                | 10.27%   | 32.78%   |
| 12/31/2020         | 0.0031921%   | \$ (35,879)   | \$ 287,059                                | 12.50%   | 24.49%   |
| 12/31/2019         | 0.0036305%   | \$ (48,660)   | \$ 307,059                                | 15.85%   | 17.03%   |
| 12/31/2018         | 0.0035333%   | \$ (45,918)   | \$ 286,863                                | 16.01%   | 17.53%   |
| 12/31/2017         | 0.0034993%   | \$ (45,370)   | \$ 276,275                                | 16.42%   | 16.70%   |

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**PARK CENTER WATER DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
PERA Health Care Trust Fund  
Last 10 Fiscal Years<sup>(1)</sup>**

| <u>Fiscal Year</u> | <u>Contractually<br/>required<br/>contributions</u> | <u>Actual<br/>contributions</u> | <u>Contribution<br/>deficiency<br/>(excess)</u> | <u>District's<br/>covered<br/>payroll</u> | <u>Contribution<br/>s as a<br/>percentage<br/>of covered<br/>payroll</u> |
|--------------------|---|---------------------------------|---|---|--|
| 12/31/2022         | \$ 3,036  | \$ 3,036                        | \$ -  | \$ 297,647                                | 1.02%  |
| 12/31/2021         | \$ 3,059  | \$ 3,059                        | \$ -  | \$ 299,902                                | 1.02%  |
| 12/31/2020         | \$ 2,928  | \$ 2,928                        | \$ -  | \$ 287,059                                | 1.02%  |
| 12/31/2019         | \$ 3,132  | \$ 3,132                        | \$ -  | \$ 307,059                                | 1.02%  |
| 12/31/2018         | \$ 2,926  | \$ 2,926                        | \$ -  | \$ 286,863                                | 1.02%  |
| 12/31/2017         | \$ 2,818  | \$ 2,818                        | \$ -  | \$ 276,275                                | 1.02%  |

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**INTENTIONALLY LEFT BLANK**

## **Other Supplementary Information**

**PARK CENTER WATER DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**BUDGET AND ACTUAL**

**Water Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**With Comparative Totals for the Year Ended December 31, 2021**

|  | <b>2022</b>             |                     |   | <b>2021</b>         |
|--|-------------------------|---------------------|---|---------------------|
|  | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>with Final<br/>Budget</b> |                     |
| <b>Operating Revenues</b>                  |                         |                     |   |                     |
| Utility Charges                            | \$ 1,130,000            | \$ 1,091,076        | \$ (38,924)                               | \$ 1,057,555        |
| Other Charges for Services                 | 6,500                   | 30,778              | 24,278                                    | 17,716              |
| Total Revenues                             | <u>1,136,500</u>        | <u>1,121,854</u>    | <u>(14,646)</u>                           | <u>1,075,271</u>    |
| <b>Operating Expenses</b>                  |                         |                     |   |                     |
| Personnel Services                         | 477,000                 | 312,173             | 164,827                                   | 377,592             |
| Commodity Charges                          | 46,600                  | 26,522              | 20,078                                    | 48,171              |
| Administrative/Office Expenses             | 40,000                  | 37,343              | 2,657                                     | 12,551              |
| Insurance                                  | 24,000                  | 23,816              | 184                                       | 23,664              |
| Operating Supplies                         | 250,000                 | 238,112             | 11,888                                    | 202,935             |
| Professional Fees                          | 56,800                  | 55,627              | 1,173                                     | 35,976              |
| Repairs and Maintenance                    | 137,000                 | 132,226             | 4,774                                     | 104,205             |
| Travel and Training                        | 60,000                  | 21,554              | 38,446                                    | 13,951              |
| Telephone and Utilities                    | 44,000                  | 41,403              | 2,597                                     | 36,333              |
| Other Operating Expenses                   | 31,700                  | 23,493              | 8,207                                     | 18,549              |
| Other Capital Outlay                       | 1,500                   | 45,004              | (43,504)                                  | -                   |
| Total Expenditures                         | <u>1,168,600</u>        | <u>957,273</u>      | <u>211,327</u>                            | <u>873,927</u>      |
| Operating Income (Loss)                    | <u>(32,100)</u>         | <u>164,581</u>      | <u>196,681</u>                            | <u>201,344</u>      |
| <b>Other Income (Expense)</b>              |                         |                     |   |                     |
| Tax Revenue                                | 23,500                  | 27,608              | 4,108                                     | 26,565              |
| Intergovernmental Revenue                  | 30,000                  | 30,000              | -   | -                   |
| Investment Earnings                        | 13,200                  | 12,786              | (414)                                     | 266                 |
| Debt Service                               | (74,000)                | (66,855)            | 7,145                                     | (73,707)            |
| Total Other Income (Expense)               | <u>(7,300)</u>          | <u>3,539</u>        | <u>10,839</u>                             | <u>(46,876)</u>     |
| Net Income (Loss), Budget Basis            | <u>(39,400)</u>         | <u>168,120</u>      | <u>207,520</u>                            | <u>154,468</u>      |
| <b>Contributed Capital</b>                 |                         |                     |   |                     |
| Plant Investment Fees                      | 30,000                  | 30,000              | -   | 45,000              |
| Cash in Lieu of Fees                       | 12,000                  | 12,000              | -   | 18,000              |
| Total Contributed Capital                  | <u>42,000</u>           | <u>42,000</u>       | <u>-</u>                                  | <u>63,000</u>       |
| Change in Net Position (Budget Basis)      | <u>\$ 2,600</u>         | 210,120             | <u>\$ 207,520</u>                         | 217,468             |
| <b>Budget to GAAP Reconciliation</b>       |                         |                     |   |                     |
| Principal Paid                             |                         | 41,325              |   | 46,037              |
| Depreciation Expense                       |                         | (95,849)            |   | (93,554)            |
| Capital Outlay                             |                         | 43,562              |   | -                   |
| <b>Change in Net Position - GAAP Basis</b> |                         | 199,158             |   | 169,951             |
| <b>Net Position, Beginning</b>             |                         | <u>1,455,992</u>    |   | <u>1,286,041</u>    |
| <b>Net Position, Ending</b>                |                         | <u>\$ 1,655,150</u> |   | <u>\$ 1,455,992</u> |

See accompanying Independent Auditors' Report.