

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Financial Statements

Years Ended December 31, 2022

with

Independent Auditor's Report

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Independent Auditors' Report

Board of Directors  
Columbine Knoll-Grove Metropolitan Recreation District  
Jefferson County, Colorado

**Opinions**

We have audited the accompanying financial statements of the business-type activities of the Columbine Knoll-Grove Metropolitan Recreation District (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

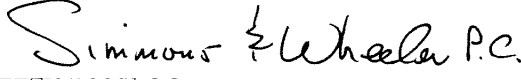
### **Other Matters**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the pension and other postemployment benefits information on pages 32 and 33 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 on pages 32 and 33 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

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

  
September 30, 2023

**Columbine Knolls-Grove Metropolitan Recreation District**  
**Statement of Net Position**  
**12/31/2022**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 247,590
Cash and cash equivalents - restricted	18,663
Receivable - county treasurer	1,917
Property taxes receivable	423,381
<b>Total current assets</b>	691,551

**Noncurrent Assets**

Net pension asset	21,638
Capital assets, not being depreciated	106,412
Capital assets, net	1,422,583
<b>Total capital assets, net</b>	1,550,633
<b>Total assets</b>	2,242,184

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related deferred outflow	40,309
Deferred outflow for OPEB	6,258
<b>Total deferred outflows of resources</b>	46,567

**LIABILITIES**

**Current liabilities**

Accounts payable and accrued payroll taxes	19,355
<b>Total current liabilities</b>	19,355

**Noncurrent liabilities**

Net OPEB liability	16,918
<b>Total noncurrent liabilities</b>	16,918
<b>Total liabilities</b>	36,273

**DEFERRED INFLOWS OF RESOURCES**

Deferred property tax revenue	423,381
Pension related deferred inflow	187,537
Deferred inflow for OPEB	6,043
<b>Total deferred inflows of resources</b>	616,961

**NET POSITION**

Net investment in capital assets	1,528,995
Restricted	
Emergency reserves	4,500
Conservation trust funds	14,163
Unrestricted	68,504
<b>Total net position</b>	\$ 1,616,162

The notes to the financial statements are an integral part of these statements.

**Columbine Knolls-Grove Metropolitan Recreation District  
Statement of Revenues Expenditures and Changes in Net Position  
For the Year Ended December 31, 2022**

**OPERATING REVENUES**

Pool membership and related activity fee	\$	151,348
Tennis membership and related activity fee		23,172
Facility use and private parties		38,503
Other income		8,866
<b>Total operating revenues</b>		<b>221,889</b>

**OPERATING EXPENSES**

Pool operations and activities		191,697
Tennis operations and activities		35,623
Park operations and maintenance		121,648
Building operations and maintenance		29,341
Administration		276,366
Pension expense		21,638
OPEB expense		16,918
Depreciation		78,972
<b>Total operating expenses</b>		<b>772,203</b>

**OPERATING INCOME (LOSS)**

(550,314)

**NONOPERATING REVENUES**

Property taxes		432,271
Specific ownership taxes		29,183
Conservation trust fund entitlements		18,592
Net investment earnings		2,751
<b>Total nonoperating revenues</b>		<b>482,797</b>

**NONOPERATING EXPENSES**

County treasurer's collection fees		6,447
<b>Total nonoperating expenses</b>		<b>6,447</b>

**CHANGE IN NET POSITION**

(73,964)

**NET POSITION - beginning of the year -restated**

1,690,126

**NET POSITION - end of the year**

\$ 1,616,162

The notes to the financial statements are an integral part of these statements.

**Columbine Knolls-Grove Metropolitan Recreation District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 221,889
Payments to suppliers for goods and services	(328,975)
Payments to and on behalf of employees	(288,458)
<b>Net cash provided (used) by operating activities</b>	<b>(395,544)</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Property taxes	433,465
Specific ownership taxes	29,183
County Treasurer's fees	(6,447)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>456,201</b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Conservation Trust Fund entitlements received	18,592
Acquisition of property and equipment	(114,271)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(95,679)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earnings received	2,751
<b>Net cash provided (used) by investing activities</b>	<b>2,751</b>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** (32,271)

<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>298,524</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<b>\$ 266,253</b>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO**

Operating income	\$ (550,314)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating	(78,972)
Changes in assets and liabilities: (Increase) decrease in:	
Increase (decrease) in:	-
Accounts payable	(15,604)
Total adjustments	(94,576)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (455,738)</b>

The notes to the financial statements are an integral part of these statements.

# COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

## Notes to Financial Statements December 31, 2022

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Columbine Knolls-Grove Metropolitan Recreation District, located in Jefferson County, Colorado, (“the District”) conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units accounted for as a proprietary enterprise fund. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized on January 1, 1964 and is a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act. The District was established to provide park and recreation facilities and programs for its inhabitants. The District’s primary revenues are from property taxes and fees. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

The District has no employees and all operations and administrative functions are contracted.

#### Basis of Presentation

The accompanying financial statements are presented per GASB No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the statements of net position and the statements of revenues, expenditures and change in net position) report information on all of the nonfiduciary activities of the District.

# COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

## Notes to Financial Statements December 31, 2022

The statements of net position report all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

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

The proprietary fund 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 flow. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets.

The District reports the following major proprietary fund:

Recreation Fund - The Recreation Fund accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. The District exceeded the total appropriations in 2022 which may be a violation of state budget law.

### Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with an original maturity of three months or less to be cash equivalents.

# COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

## Notes to Financial Statements December 31, 2022

### Assets, Liabilities, and Net Position

#### Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

#### Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

#### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has 2 items that qualify for reporting in this category at December 31, 2022 or December 31, 2021. Pension related deferred outflow and Deferred outflow for OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has 3 items that qualify for reporting in this category at December 31, 2022 or December 31, 2021, Property tax revenue which is recognized in the year received and Pension related deferred inflow and Deferred inflow for OPEB.

#### Capital Assets

Capital assets, which include water system components, are reported in the Water Enterprise Fund in the government-wide financial statements. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the donation.

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Notes to Financial Statements  
December 31, 2022

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Property, plant and equipment are depreciated using the “straight-line” method over the following estimated useful lives:

Land improvements	5 to 40 years
Building, swimming pool and tennis court	5 to 40 years
Recreation and other equipment	5 to 40 years

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2022, cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 247,590
Cash and investments – restricted	<u>18,663</u>
	\$ <u>266,253</u>

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Notes to Financial Statements  
December 31, 2022

Cash and investments as of December 31, 2022, consist of the following:

Deposits with financial institutions	\$ 57,297
Investments – COLOTRUST	<u>208,956</u>
	<u>\$ 266,253</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (NAV) per share.

As of December 31, 2022, the District had the following investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”), is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method.

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Notes to Financial Statements  
December 31, 2022

COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. At December 31, 2022 and the District had \$208,956 invested in COLOTRUST PLUS+.

Note 3: Capital Assets

An analysis of changes in capital assets for the year ended December 31, 2022 follows:

	Balance <u>12/31/2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2022</u>
Capital assets, not being depreciated Land	\$ 105,577	\$ -	\$ -	105,577
Capital assets being depreciated				
Land improvements	734,516	60,911	-	795,427
Building, swimming pool, tennis courts	2,290,697	30,886	-	2,321,583
Recreation and other equipment	187,138	-	-	187,138
Total capital assets being depreciated	<u>3,212,351</u>	<u>91,797</u>	-	<u>3,304,148</u>
Less accumulated depreciation for				
Land improvements	653,308	26,759	-	680,067
Building, swimming pool, tennis courts	986,672	39,388	-	1,026,060
Recreation and other equipment	162,615	12,825	-	175,440
Total accumulated depreciation	<u>1,802,595</u>	<u>78,972</u>	-	<u>1,881,567</u>
Total capital assets being depreciated, net	<u>1,409,756</u>	<u>12,825</u>	-	<u>1,422,581</u>
Total capital assets, net	<u>\$ 1,515,333</u>	<u>\$ 12,825</u>	<u>\$ -</u>	<u>1,528,158</u>

Depreciation expense for the year ended December 31, 2022, was charged to operations in the amount of \$78,972.

# COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

## Notes to Financial Statements December 31, 2022

### Note 4: Defined Benefit Pension Plan

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

### **General Information about the Pension Plan**

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

*Benefits provided as of December 31, 2021.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

## COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

### Notes to Financial Statements December 31, 2022

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

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

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

#### *Contributions provisions*

Eligible employees of, the District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of 12/31/2021 through 12/31/2022 are summarized in the table below:

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Notes to Financial Statements  
December 31, 2022

The employer contribution requirements for all employees are summarized in the table below:

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

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 \$24,693 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 a liability of \$21,638 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The 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.

At December 31, 2021, the District's proportion was .02523%, which was an increase of 0.00029% from its proportion measured as of December 31, 2020.

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Notes to Financial Statements  
December 31, 2022

For the year ended December 31, 2022, the District recognized pension income of \$67,633. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,057	\$ 361
Changes of assumptions or other inputs	7,335	-
Net difference between projected and actual earnings on Pension Plan investments	-	187,175
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,224	-
Contributions subsequent to the measurement date	24,693	-
Total	\$ 40,309	\$ 187,537

\$24,693 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:

<b>Year ended :</b>	<b>Amount</b>
2023	\$(34,102)
2024	(69,944)
2025	(45,161)
2026	(22,713)
2027	-
Thereafter	-

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Notes to Financial Statements  
December 31, 2022

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
State Troopers	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

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

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

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

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

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

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

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

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Notes to Financial Statements  
December 31, 2022

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

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

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

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

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

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

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

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

<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>	

# COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

## Notes to Financial Statements December 31, 2022

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

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

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

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	148,365	\$(21,638)	\$(163,838)

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

Note 5: Defined Benefit Other Post Employment Benefit (OPEB) Plan

**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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

# COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

## Notes to Financial Statements December 31, 2022

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

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

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

### *PERA Benefit Structure*

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

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

### *DPS Benefit Structure*

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

# COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

## Notes to Financial Statements December 31, 2022

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$1,874 for the year ended December 31, 2022.

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

At December 31, 2022 the District reported a liability of \$16,918 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's 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's proportion was .00196 percent, which was an increase of 0.00011 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the District recognized OPEB expense of \$402. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Notes to Financial Statements  
December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26	\$ 4,011
Changes of assumptions or other inputs	350	918
Net difference between projected and actual earnings on OPEB plan investments	-	1,047
Changes in proportion and differences between contributions recognized and proportionate share of	4,007	66
Contributions subsequent to the measurement date	1,874	-
Total	\$ 6,258	\$ 6,043

\$1,874 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended	Amount
2022	\$ 36
2023	(439)
2024	(1,085)
2025	(292)
2026	100
Thereafter	21

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Notes to Financial Statements  
December 31, 2022

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

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

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

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:

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

Notes to Financial Statements  
December 31, 2022

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

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

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

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

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

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

Year	PERACare Medicare	Medicare Part A
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%

# COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

## Notes to Financial Statements December 31, 2022

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

Pre-retirement mortality assumptions for the State and Local Government Divisions 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 were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

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

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

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

# COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

## Notes to Financial Statements December 31, 2022

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

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

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

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

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

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

	1% Decrease	Current Trend	1% Increase
Initial PERACare Medicare	3.50%	4.50%	5.50%
Ultimate PERACare	3.50%	4.50%	5.50%
Initial Medicare Part A trend	2.75%	3.75%	4.75%
Ultimate Medicare Part A	3.50%	4.50%	5.50%
Net OPEB Liability	\$16,432	\$16,918	\$17,485

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

COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

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December 31, 2022

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

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

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

	1% Decrease	Current Discount	1% Increase
Proportionate share of the	\$19,648	\$16,918	\$14,858

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

# COLUMBINE KNOLLS-GROVE METROPOLITAN RECREATION DISTRICT

## Notes to Financial Statements December 31, 2022

### Note 6: Tax Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District’s management believes a significant portion of its operations qualifies for this exclusion.

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

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

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an Enterprise will require judicial interpretation. Internally, the District maintains its records in one fund – the Recreation Enterprise Fund.

### Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

REQUIRED SUPPLEMENTAL INFORMATION

**Columbine Knolls-Grove Metropolitan Recreation District**

	Required Supplementary Information									
	Schedule of the Proportionate Share of the Net Pension Liability									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	
District's proportion of the net pension liability	0.0252%	0.0249%	0.0280%	0.0280%	0.0272%	0.0274%	0.0297%	0.0296%	0.0285%	
District's proportional share of the net pension liability	(21,606)	129,761	204,789	352,024	\$ 302,650	\$ 369,628	\$ 326,775	\$ 265,264	\$ 234,332	
District's covered-employee payroll	185,972	175,110	192,684	176,805	174,503	160,775	168,470	162,168	151,921	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-11.62%	74.10%	106.28%	199.10%	173.44%	229.90%	193.97%	163.57%	154.25%	
Plan fiduciary net position as a percentage of the total pension	101.49%	90.88%	86.26%	75.96%	79.37%	73.60%	76.90%	80.70%	77.66%	

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

*This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.*

**Columbine Knolls-Grove Metropolitan Recreation District**

Schedule of District Contributions  
Cost - Sharing Defined Benefit Plan  
Last Ten Years\*

	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 24,995	\$ 23,079	\$ 24,914	\$ 22,419	\$ 22,127	\$ 20,386	\$ 21,362
Contributions in Relation to the Statutorily Required Contributions	24,995	23,079	24,914	22,419	22,127	20,386	21,362
Contributions Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 185,972	\$ 175,110	\$ 192,684	\$ 176,805	\$ 174,503	\$ 160,775	\$ 168,470
Contributions as a percentage of Covered Employee Payroll	13.44%	13.18%	12.93%	12.68%	12.68%	12.68%	12.68%

\* Information for the prior years is not available to report.

**Columbine Knolls-Grove Metropolitan Recreation District**

Required Supplementary Information  
 Schedule of the Proportionate Share of the Net OPEB Liability  
 Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability	0.0020%	0.0019%	0.0021%	0.0021%	0.0021%	0.0021%
District's proportional share of the net OPEB liability	\$ 19,027	\$ 21,323	\$ 28,590	\$ 27,239	\$ 27,449	\$ 27,243
District's covered-employee payroll	185,972	175,110	192,684	176,805	174,503	160,775
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.23%	12.18%	14.84%	15.41%	15.73%	16.94%
Plan fiduciary net position as a percentage of the total OPEB	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

*This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.*

**Columbine Knolls-Grove Metropolitan Recreation District**

Required Supplementary Information  
Schedule of OPEB Contributions  
Last Ten Years\*

	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,897	\$ 1,786	\$ 1,965	\$ 1,803	\$ 1,780	\$ 1,640	\$ 1,718
Contributions in Relation to the Statutorily Required Contributions	1,897	1,786	1,965	1,803	1,780	1,640	1,718
Contributions Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 185,972	\$ 175,110	\$ 192,684	\$ 176,805	\$ 174,503	\$ 160,775	\$ 168,470
Contributions as a percentage of Covered Employee Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

\* Information for the prior 4 years is not available to report.

SUPPLEMENTAL INFORMATION

**Columbine Knolls-Grove Metropolitan Recreation District**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - BUDGETARY BASIS**  
**For the Year Ended December 31, 2022**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Pool membership & related activity fees	\$ 148,175	\$ 151,348	\$ 3,173
Tennis membership & related activity fees	18,500	23,172	4,672
Other income	35,500	47,369	11,869
Property taxes	393,056	432,271	39,215
Specific ownership taxes	33,881	29,183	(4,698)
Conservation Trust Fund entitlements	14,000	18,592	4,592
Interest income	500	2,751	2,251
<b>Total revenues</b>	643,612	704,686	61,074
<b>Expenditures</b>			
Pool operations and activities	212,010	191,697	20,313
Tennis operations and activities	44,000	35,623	8,377
Administration	191,022	276,366	(85,344)
Building operations and maintenance	25,000	29,341	(4,341)
Park operations and maintenances	107,100	121,648	(14,548)
County Treasurer fees	6,000	6,447	(447)
Capital outlay	50,000	85,797	(35,797)
Emergency reserve	4,500	-	4,500
<b>Total expenditures</b>	639,632	746,919	(107,287)
<b>Excess (deficit) of revenues over (under) expenditures</b>	3,980	(42,233)	(46,213)
<b>Funds available - beginning of year</b>	310,348	297,048	(13,300)
<b>Funds available - end of year</b>	\$ 314,328	\$ 252,898	\$ (59,513)
Funds available is computed as follows:			
Current assets, less property taxes receivable		268,170	
Current liabilities		19,355	
		248,815	

The notes to the financial statements are an integral part of these statements.

**Columbine Knolls-Grove Metropolitan Recreation District**  
**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUES,**  
**EXPENSES AND CHANGES IN NET POSITION**  
For the Year Ended December 31, 2022

Revenues (budgetary basis)	<u>\$</u>	704,686
Total revenues per Statement of Revenues, Expenses and Changes in Net Position		<u>704,686</u>
<hr/>		
Expenditures (budgetary basis)		746,919
Depreciation and amortization		78,972
Capital outlay		(85,797)
Pension expense related adjustment		
OPEB expense related adjustment		
Total expenses per Statement of Revenues, Expenses and Changes in Net Position		<u>740,094</u>
Change in net position per Statement of Revenues, Expenses and Changes in Net Position		
	<u>\$</u>	<u>(35,408)</u>

The notes to the financial statements are an integral part of these statements.