

**TRI-LAKES WASTEWATER
TREATMENT FACILITY**

BASIC FINANCIAL STATEMENTS

December 31, 2022

TABLE OF CONTENTS

PAGE

Independent Auditors' Report

Basic Financial Statements

Statement of Net Position – Proprietary Fund 1

Statement of Revenues, Expenses and Changes
In Net Position – Proprietary Fund 2

Statement of Cash Flows – Proprietary Fund 3

Notes to the Financial Statements 4 – 34

Required Supplementary Information

Schedule of the Facility's Proportionate Share – Local Government's Division Trust Fund 35

Schedule of the Facility's Contributions – Local Government's Division Trust Fund 36

Schedule of the Facility's Proportionate Share – Health Care Trust Fund 37

Schedule of the Facility's Contributions – Health Care Trust Fund 38

Individual Fund Financial Statement

Proprietary Fund – Budgetary Comparison Schedule 39



JOHN CUTLER & ASSOCIATES

Joint Use Coordinating Committee
Tri-Lakes Wastewater Treatment Facility
Monument, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund, of the Tri-Lakes Wastewater Treatment Facility (the "Facility") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Tri-Lakes Wastewater Treatment Facility as of December 31, 2022, and the respective changes in financial position and, where applicable, 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 the Tri-Lakes Wastewater Treatment Facility and to meet our 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 the 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 Facility'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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the Facility'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facility's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required and pension information on pages 35-38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America 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 is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Facility's basic financial statements. The individual fund financial statement as listed in the table of contents, 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 supplementary information and other information have 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 supplementary information and other information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Luthr & Associates, LLC

June 9, 2023

BASIC FINANCIAL STATEMENTS

TRI-LAKES WASTEWATER TREATMENT FACILITY

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 December 31, 2022

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 61,016	\$ 25,110
Accounts Receivable	75,876	64,545
Prepaid Expenses	41,768	35,392
Total Current Assets	178,660	125,047
Noncurrent Assets		
Capital Assets, Net of Accumulated Depreciation	6,801,890	7,098,592
Pension Asset	34,229	-
Total Noncurrent Assets	6,836,119	7,098,592
TOTAL ASSETS	7,014,779	7,223,639
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	60,749	114,244
Related to OPEB	3,972	9,254
TOTAL DEFERRED OUTFLOWS OF RESOURCES	64,721	123,498
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,079,500	\$ 7,347,137
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 7,692	\$ 3,106
Compensated Absences	86,463	78,175
Deposits From Owning Districts	59,172	59,172
Total Current Liabilities	153,327	140,453
Noncurrent Liabilities		
Pension Liability	-	297,039
OPEB Liability	26,761	33,244
Total Noncurrent Liabilities	26,761	330,283
TOTAL LIABILITIES	180,088	470,736
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	348,151	111,052
Related to OPEB	13,555	15,401
TOTAL DEFERRED INFLOWS OF RESOURCES	361,706	126,453
NET POSITION		
Invested in Capital Assets	6,801,890	7,098,592
Unrestricted	(264,184)	(348,644)
TOTAL NET POSITION	6,537,706	6,749,948
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 7,079,500	\$ 7,347,137

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

TRI-LAKES WASTEWATER TREATMENT FACILITY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING REVENUE		
Interdistrict charges for operations	\$ 1,286,430	\$ 1,447,805
TOTAL OPERATING REVENUE	<u>1,286,430</u>	<u>1,447,805</u>
OPERATING EXPENSES		
Dues, Subscriptions, Education, and Travel	3,327	2,552
Permits and Licenses	14,512	14,461
Equipment Expenses	670	9,968
Insurance	29,981	29,615
Repairs and Maintenance	49,953	75,297
Miscellaneous Expenses	2,322	2,795
Office Expenses	2,189	2,889
Plant Operator's Expense	462,003	436,515
Professional Fees	96,764	44,935
Small Tools	11	714
Supplies	93,159	88,498
Special Chemical Monitoring	77,244	73,009
Vehicle Expense	4,939	4,053
Utilities	139,316	137,954
Sludge Removal	268,490	172,738
Depreciation	297,703	301,434
TOTAL OPERATING EXPENSES	<u>1,542,583</u>	<u>1,397,427</u>
OPERATING INCOME (LOSS)	<u>(256,153)</u>	<u>50,378</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	455	7,936
Pension (Expense) Revenue	43,456	(215,479)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>43,911</u>	<u>(207,543)</u>
NET INCOME	(212,242)	(157,165)
NET POSITION, Beginning, restated	<u>6,749,948</u>	<u>6,907,113</u>
NET POSITION, Ending	<u>\$ 6,537,706</u>	<u>\$ 6,749,948</u>

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

TRI-LAKES WASTEWATER TREATMENT FACILITY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Owning Districts	\$ 1,275,099	\$ 1,466,738
Cash Paid for Goods and Services	<u>(1,238,647)</u>	<u>(1,457,069)</u>
Net Cash Provided (Used) by Operating Activities	<u>36,452</u>	<u>9,669</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	<u>(1,001)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>455</u>	<u>7,936</u>
Net Increase (Decrease) in Cash and Cash Equivalents	35,906	17,605
CASH AND CASH EQUIVALENTS, Beginning	<u>25,110</u>	<u>7,505</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 61,016</u>	<u>\$ 25,110</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ (256,153)</u>	<u>\$ 50,378</u>
Net Cash Provided by Operating Activities		
Depreciation and Amortization	297,703	301,434
Changes in Assets and Liabilities		
Accounts Receivable	(11,331)	18,933
Prepaid Expenses	(6,376)	(433)
Accounts Payable	4,586	(9,101)
Pension Related Accounts	(265)	(360,956)
Compensated Absences	<u>8,288</u>	<u>9,414</u>
Total Adjustments	<u>292,605</u>	<u>(40,709)</u>
Net Cash Provided by Operating Activities	<u>\$ 36,452</u>	<u>\$ 9,669</u>

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tri-Lakes Wastewater Treatment Facility (the “Facility”) is an entity formed by intergovernmental agreement among Palmer Lake Sanitation District, Monument Sanitation District, and Woodmoor Sanitation District No.1. The Facility is operated and accounted for as an enterprise fund and the financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Facility meets the criteria to be treated as a joint venture. The more significant of the Facility’s policies are described below.

Reporting Entity

Joint ventures are created by governments for special purposes and are responsible to the public, investors, creditors, the management that created them, and the users served by the joint venture. A joint venture is a legal entity or other contractual arrangement participated in by a government as a separate and specific activity for the benefit of the public or several recipients in which the government retains an ongoing financial interest and/or responsibility.

The financial reporting entity consists of the Facility and organizations for which the Facility is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Facility. In addition, any legally separate organizations for which the Facility is financially accountable are considered part of the reporting entity. Financial accountability exists if the Facility appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Facility.

Based on the application of these criteria, the Facility does not include additional organizations in its reporting entity. However, the Facility is a joint venture and is reported within each owning Facility’s financial reporting entity. Each District is financially responsible for the Facility. Financial responsibility is derived from the governmental unit’s power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Financial responsibility implies that a governmental unit is dependent on another and the dependent unit should be reported as part of the other.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Facility uses one fund to report on its financial position and activities. Fund accounting is designed to segregate transactions related to certain government functions and activities. The Facility's fund is classified as an enterprise fund type. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body 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.

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 related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Facility reports all activity in one enterprise fund which is a proprietary fund type. This fund is considered a major fund.

Deferred Outflows/Inflows of Resources

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

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position

Cash and Cash Equivalents – Cash and cash equivalents include amounts in deposit accounts and short-term investments with an original maturity of three months or less.

Receivables – Receivables consists of amounts owed to the Facility by the owning Facilities. All amounts are considered to be collectible and no allowance for bad debt has been recorded. As of December 31, 2022, the accounts receivable balance was \$75,876 which was paid by the owning Facilities in January 2022.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the statement of net position.

Capital Assets – The Facility capitalizes all assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest is capitalized during the construction phase.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of Net Position in the financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method:

Plant and Buildings	50 years
Land Improvements	20 years
Infrastructure and Improvements	5 – 15 years
Vehicles and Equipment	5 - 7 years

Accrued Compensated Absences – Employees of the Facility are allowed to accumulated unused vacation and sick time. The Facility’s employees accrue vacation time ranging from 10 to 20 days per year depending on years of service. Sick leave is accrued at a rate of 8 hours per month. Upon termination, an employee will be compensated for all unused vacation time. Unused sick time will be compensated if an employee has completed ten years of service prior to termination. These compensated absences are recognized as current salary costs when earned in the proprietary fund. A liability has been recorded in the government-wide financial statements for the accrued compensated absences

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

Net Position— The business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

- Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.
- Restricted Net Position are liquid assets, which have third party limitations on their use.
- Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While the Facility's management may have categorized and segmented portion for various purposes, the Facility's Board has the unrestricted right to revisit or alter these managerial decisions.

Deposits Held for Owing Facilities

Per the Cash Flow Escrow Agreement dated October 13, 1998 and amended on December 12, 2006, each owning Facility of the Facility was required to deliver a sum of \$10,000 and \$7,000. The Agreement provided working capital and to satisfy projected cash flow requirements. In addition to the deposits, any interest earned is transferred to the deposit account. In the event of the termination of the Agreement by the Facilities, the funds will be distributed to each of the owning Facilities. As of December 31, 2022, the deposit balance was \$59,172.

Joint Use Coordinating Committee

Each Facility appoints one representative and an alternate to serve on the Joint Use Coordinating Committee. The committee has, as its function and responsibility, the review of the use and operation of the Facility.

Risk Management

The Facility is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Facility purchases commercial insurance for these risks of loss. Settled claims have not exceeded insurance coverage in the last three years.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE 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 Facility's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is adopted for the enterprise fund as a management control device but is not legally required. The budgetary information presented in the financial statements was approved by each owning District.

NOTE 3: CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents reported in the December 31, 2022 financial statements consisted of the following:

Petty Cash	\$ 100
Cash Deposits	<u>60,916</u>
Total	<u>\$ 61,016</u>

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 3: CASH AND CASH EQUIVALENTS (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the Facility are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution 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 Facility has no policy regarding custodial credit risk for deposits.

At December 31, 2022, the Facility had deposits with financial institutions with a carrying amount of \$60,916. The bank balances with the financial institutions were \$61,457. All of the balance was covered by federal depository insurance.

Interest Rate Risk

The Facility 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. As of December 31, 2022, the Facility has no investments.

Credit Risk

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

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Certain money market funds
- Guaranteed investment contracts

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 3: CASH AND CASH EQUIVALENTS (Continued)

Credit Risk (Continued)

The Facility did not have any investments requiring categorization of credit risk as of December 31, 2022 and had no policy for managing credit risk.

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended December 31, 2022, is summarized below.

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/22</u>
Capital Assets, Being				
Depreciated				
Treatment Plant	\$ 8,078,397	\$ -	\$ -	\$ 8,078,397
Phosphorous Plant	3,692,854	-	-	3,692,854
Lab Building	477,742	-	-	477,742
Land Improvements	165,008	-	-	165,008
Landscaping	12,761	-	-	12,761
Road	6,301	-	-	6,301
Equipment	521,724	1,001	-	522,725
Vehicles	55,513	-	-	55,513
Total Capital Assets, Being Depreciated	<u>13,010,300</u>	<u>1,001</u>	<u>-</u>	<u>13,011,301</u>
Accumulated Depreciation				
Treatment Plant	4,835,253	159,321	-	4,994,574
Phosphorus Plant	375,440	73,857	-	449,297
Lab Building	151,286	9,555	-	160,841
Land Improvements	94,757	9,655	-	104,412
Landscaping	12,761	-	-	12,761
Road	6,301	-	-	6,301
Equipment	385,692	40,020	-	425,712
Vehicles	50,218	5,295	-	55,513
Total Accumulated Depreciation	<u>5,911,708</u>	<u>297,703</u>	<u>-</u>	<u>6,209,411</u>
Net Capital Assets	<u>\$ 7,098,592</u>	<u>\$ (296,702)</u>	<u>\$ -</u>	<u>\$ 6,801,890</u>

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 5: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

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

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

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

General Information about the Pension Plan (Continued)

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% 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% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For State Troopers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of December 31, 2022: Eligible employees of, a Tri-Lakes Wastewater Treatment Facility and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2021 through December 31, 2022 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
Employee contribution (all employees other than State Troopers)	8.50%	8.50%	8.50%	9.00%
State Troopers	12.00%	12.50%	12.50%	13.00%

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Tri-Lakes Wastewater Treatment Facility is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Tri-Lakes Wastewater Treatment Facility were \$33,107 for the year ended December 31, 2022.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE 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

At December 31, 2022, the Tri-Lakes Wastewater Treatment Facility reported an asset of \$34,229 for its proportionate share of the net pension asset. The net pension asset 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 Tri-Lakes Wastewater Treatment Facility proportion of the net pension asset was based on Tri-Lakes Wastewater Treatment Facility contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers.

At December 31, 2021, the Tri-Lakes Wastewater Treatment Facility proportion was 0.0399%, which was a decrease of .00586% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Tri-Lakes Wastewater Treatment Facility recognized pension income of \$7,567. At December 31, 2022, the Tri-Lakes Wastewater Treatment Facility 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	\$14,366	\$572
Changes of assumptions or other inputs	11,603	N/A
Net difference between projected and actual earnings on pension plan investments	1,673	296,092
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	51,487
Contributions subsequent to the measurement date	33,107	N/A
Total	\$60,749	\$348,151

\$33,107 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.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE 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)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2023	(\$158,637)
2024	(\$80,351)
2025	(\$40,761)
2026	(\$40,670)

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	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE 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)

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.

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.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE 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)

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:

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE 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)

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.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE 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)

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Tri-Lakes Wastewater Treatment Facility 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	\$234,697	(\$34,229)	(\$259,175)

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.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. Tri-lakes Wastewater Treatment Plant 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 Tri-lakes Wastewater Treatment Plant 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.

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.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**
(Continued)

General Information about the OPEB Plan (Continued)

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.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**
(Continued)

General Information about the OPEB Plan (Continued)

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 Tri-lakes Wastewater Treatment Plant is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Tri-lakes Wastewater Treatment Plant were \$3,377 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 Tri-lakes Wastewater Treatment Plant reported a liability of \$26,761 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 Tri-lakes Wastewater Treatment Plant proportion of the net OPEB liability was based on Tri-lakes Wastewater Treatment Plant 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 Tri-lakes Wastewater Treatment Plant proportion was 0.00310%, which was a decrease of .00040% from its proportion measured as of December 31, 2020.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

For the year ended December 31, 2022, the Tri-lakes Wastewater Treatment Plant recognized OPEB expense of \$6,424. At December 31, 2022, the Tri-lakes Wastewater Treatment Plant reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$41	\$6,345
Changes of assumptions or other inputs	554	N/A
Net difference between projected and actual earnings on OPEB plan investments	N/A	1,657
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	5,553
Contributions subsequent to the measurement date	3,377	N/A
Total	\$3,972	\$13,555

\$3,377 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:	
2023	(\$2,555)
2024	(\$2,555)
2025	(\$2,386)
2026	(\$2,066)
2027	(\$1,911)
Thereafter	(\$1,487)

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

	Local Government <u>Division</u>
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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**
(Continued)

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

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:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	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.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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:

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

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

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

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.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**
(Continued)

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

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

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

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

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

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

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

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**
(Continued)

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

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.

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.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$25,993	\$26,761	\$27,652

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**
(Continued)

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

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:

- 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.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$31,081	\$26,761	\$27,652

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.

NOTE 7: RETIREMENT PLAN

The Facility participates in a Section 457 Deferred Compensation Plan for its employees. The plan is administered by Lincoln National Life. The Facility matches 5% of the gross salary of all participating employees. During the year ended December 31, 2022 the Facility contributed \$15,615 and employees contributed \$7,807 to the plan.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Joint Ownership

In 1977, Woodmoor Water and Sanitation Facility No.1, Palmer Lake Sanitation Facility, and Monument Sanitation Facility (participating Facility's) entered into an agreement for the joint operation and use of a wastewater treatment facility.

In 1988, by amendment to the original agreement, Woodmoor Sanitation Facility No.1 began management of the Facility in accordance with the policies and procedures for joint use established by the coordinating committee.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 8: **COMMITMENTS AND CONTINGENCIES** (Continued)

Joint Ownership (Continued)

In 1996, the three participating Facility's entered into an Amended Joint Use of Facilities Agreement which replaced all prior agreements with regard to management of the Facility. Since the amendment, the Facility is operated and managed as a joint venture of the participating District's.

As of December 2006, Woodmoor Water and Sanitation Facility No.1 no longer manages the Facility. The Facility Manager manages under the direction of the Joint Use Committee Board of Directors.

The real and personal property and fixtures of the Facility are commonly owned by the Facility's in equal, undivided one-third interests, with each Facility possessing the right to use the real estate. Major repair or replacement expenses in excess of \$5,000 are assessed equally to each District.

Operating expenses and major repair and replacement expenses less than \$5,000 are billed to the respective Facility's on a monthly basis in accordance with each Facility's pro rata contribution to the monthly flows and BOD loadings discharged into the Facility. Each calendar month, 40% of operating expenses are billed by influent flows and 60% of operating expenses are billed by BOD loadings. The capacity is subject to change with future facility expansion.

In February 2015, Woodmoor Water and Sanitation District No. 1 and Palmer Lake Sanitation District entered into an Offer of Settlement Agreement. The purpose of the agreement is to ensure that the state mandated improvements to the Trilakes Wastewater Facility are not delayed and that the Facility's grant funds for the improvements are not jeopardized despite the ongoing dispute among the participating Facility's regarding the cost sharing of the capital improvements. The agreement establishes preliminary cost allocation, whereas Woodmoor Water and Sanitation District's No. 1 agrees to cover 66.66% of the project costs until a settlement among the Districts can be reached. This agreement was amended in July 2015. In the amended agreement, Woodmoor Water and Sanitation District No. 1 had agreed to provide gap funds to the Palmer Lake Sanitation District in the event that the grant funds are not received.

A final court ruling was issued on May 23, 2016 granting the Woodmoor Water and Sanitation District No 1's motion for summary judgment for costs of the Phase I improvements to be allocated 1/3 to Palmer Lake Sanitation District, 1/3 to Monument Sanitation, and 1/3 to Woodmoor Water and Sanitation District No 1. Subsequent to the ruling, the defendants (Monument Sanitation District and Palmer Lake Sanitation) filed an appeal with the appellate courts on June 22nd, 2016. The District Court ruled against the defendants and in favor of the Woodmoor Water and Sanitation District No. 1 on September 15, 2019.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 8: **COMMITMENTS AND CONTINGENCIES** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The Tabor Amendment is subject to many interpretations, but the Facility believes it is exempt from the provisions of the amendment.

NOTE 9: **SUBSEQUENT EVENTS**

Potential subsequent events were considered through June 9, 2023. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

TRI-LAKES WASTEWATER TREATMENT FACILITY

SCHEDULE OF THE FACILITY'S PROPORTIONATE SHARE
LOCAL GOVERNMENT DIVISION TRUST FUND

Years Ended December 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Facility's proportionate share of the Net Pension Liability	0.0414%	0.0393%	0.0427%	0.0460%	0.0461%	0.0526%	0.0458%	0.0399%
Facility's proportionate share of the Net Pension Liability	\$ 371,310	\$ 432,863	\$ 576,125	\$ 512,624	\$ 579,457	\$ 384,384	\$ 238,589	\$ (34,229)
Facility's covered payroll	\$ 226,998	\$ 226,998	\$ 263,959	\$ 290,438	\$ 323,777	\$ 337,211	\$ 292,653	\$ 311,078
Facility's proportionate share of the Net Pension Liability as a percentage of its covered payroll	163.6%	190.7%	218.3%	176.5%	179.0%	114.0%	81.5%	-11.0%
Plan fiduciary net position as a percentage of the total pension liability	80.7%	76.9%	73.6%	79.4%	76.0%	86.3%	90.9%	101.5%

See the accompanying independent auditors' report

TRI-LAKES WASTEWATER TREATMENT FACILITY

SCHEDULE OF THE FACILITY'S CONTRIBUTIONS
LOCAL GOVERNMENT DIVISION TRUST FUND

Years Ended December 31,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contributions	\$ 28,299	\$ 32,736	\$ 39,790	\$ 44,358	\$ 49,583	\$ 42,014	\$ 37,840	\$ 33,107
Contributions in relation to the Statutorily required contributions	<u>28,299</u>	<u>32,736</u>	<u>39,790</u>	<u>44,358</u>	<u>49,583</u>	<u>42,014</u>	<u>37,840</u>	<u>33,107</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Facility's covered payroll	\$ 223,166	\$ 263,959	\$ 290,438	\$ 323,777	\$ 361,923	\$ 337,211	\$ 292,653	\$ 331,078
Contributions as a percentage of covered payroll	12.68%	12.40%	13.70%	13.70%	13.70%	12.46%	12.93%	10.00%

See the accompanying independent auditors' report

TRI-LAKES WASTEWATER TREATMENT FACILITY

SCHEDULE OF THE FACILITY'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

Years Ended December 31,

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Facility's proportionate share of the Net OPEB Liability	0.0033%	0.0036%	0.0043%	0.0040%	0.0350%	0.0350%
Facility's proportionate share of the Net OPEB Liability	\$ 42,467	\$ 46,486	\$ 58,227	\$ 45,247	\$ 33,244	\$ 26,761
Facility's covered payroll	\$ 263,959	\$ 290,438	\$ 323,777	\$ 337,211	\$ 292,653	\$ 311,078
Facility's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	16.1%	16.0%	18.0%	13.4%	11.4%	8.6%
Plan fiduciary net position as a percentage of the total OPEB liability	16.7%	17.5%	17.0%	24.5%	32.8%	39.4%

See the accompanying independent auditors' report

TRI-LAKES WASTEWATER TREATMENT FACILITY

SCHEDULE OF THE FACILITY'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended December 31,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contributions	\$ 2,962	\$ 3,303	\$ 3,692	\$ 3,301	\$ 2,985	\$ 3,377
Contributions in relation to the Statutorily required contributions	<u>2,962</u>	<u>3,303</u>	<u>3,692</u>	<u>3,301</u>	<u>2,985</u>	<u>3,377</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Facility's covered-employee payroll	\$ 290,438	\$ 323,777	\$ 361,923	\$ 323,627	\$ 292,653	\$ 331,078
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See the accompanying independent auditors' report

INDIVIDUAL FUND FINANCIAL STATEMENT

TRI-LAKES WASTEWATER TREATMENT FACILITY

BUDGETARY COMPARISON SCHEDULE

PROPRIETARY FUND TYPE

Year Ended December 31, 2022

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Interdistrict Income	\$ 1,333,473	\$ 1,286,430	\$ (47,043)	\$ 1,447,805
Other	-	455	455	7,936
TOTAL REVENUES	<u>1,333,473</u>	<u>1,286,885</u>	<u>(46,588)</u>	<u>1,455,741</u>
EXPENDITURES				
Dues, Subscriptions, Education, and Travel	7,000	3,327	3,673	2,552
Permits and Licenses	15,000	14,512	488	14,461
Equipment Expenses	26,000	670	25,330	9,968
Insurance	30,099	29,981	118	29,615
Repairs and Maintenance	47,199	49,953	(2,754)	75,297
Miscellaneous Expenses	2,500	2,322	178	2,795
Office Expenses	4,800	2,189	2,611	2,889
Plant Operator's Expense	461,046	462,003	(957)	436,515
Professional Fees	117,269	96,764	20,505	44,935
Small Tools	500	11	489	714
Supplies	91,965	93,159	(1,194)	88,498
Special Chemical Monitoring	99,710	77,244	22,466	73,009
Vehicle Expense	4,600	4,939	(339)	4,053
Utilities	150,850	139,316	11,534	137,954
Sludge Removal	269,935	268,490	1,445	172,738
Contingency	5,000	-	5,000	-
TOTAL EXPENDITURES	<u>1,333,473</u>	<u>1,244,880</u>	<u>88,593</u>	<u>1,095,993</u>
NET INCOME (LOSS), Budget Basis	<u>\$ -</u>	42,005	<u>\$ 42,005</u>	359,748
GAAP BASIS ADJUSTMENTS				
Depreciation		(297,703)		(301,434)
Pension Expense and OPEB Expense		<u>43,456</u>		<u>(215,479)</u>
NET GAIN (LOSS) GAAP Basis		(212,242)		(157,165)
NET POSITION, Beginning, restated		<u>6,749,948</u>		<u>6,907,113</u>
NET POSITION, Ending		<u>\$ 6,537,706</u>		<u>\$ 6,749,948</u>

See the accompanying independent auditors' report.