

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2023

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JOHN CUTLER & ASSOCIATES

Board of Directors
Blanca/Fort Garland Metropolitan District
Blanca, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Blanca/Fort Garland Metropolitan District (the "District") as of and for the year ended December 31, 2023, 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 governmental activities and each major fund of Blanca/Fort Garland Metropolitan District as of December 31, 2023, and the respective changes in financial position, 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 Blanca/Fort Garland Metropolitan District 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 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 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 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 38-43 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.

Supplementary and Other 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 individual fund schedules 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 individual fund schedules 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

September 18, 2024

BLANCA/FORT GARLAND METROPOLITAN DISTRICT MANAGEMENT'S DISCUSSION & ANALYSIS

Our discussion and analysis of Blanca/Fort Garland Metropolitan District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the District's financial statements which begin on page 1.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statement consists of three components: 1) the government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes). The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities), grants and charges for services. The governmental activity of the District is parks and recreation services.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements can be found on pages 3 through 5 of this report. The District adopted an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is on page 38 of this report.

Notes to Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 6 through 37 of this report.

Blanca/Fort Garland Metropolitan District
Condensed Statement of Net Position
December 31, 2023

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Assets		
Current assets	1,189,416	1,227,647
Capital assets	1,377,755	1,445,173
Total Assets	2,567,171	2,672,820
Deferred Outflows of Resources	121,570	51,296
Liabilities		
Current liabilities	49,808	160,607
Long-term liabilities	244,675	205,000
Total Liabilities	294,483	365,607
Deferred Inflows of Resources	788,770	859,174
Net Position		
Invested in capital assets, net of related debt	1,133,080	1,131,889
Restricted	292,190	477,743
Unrestricted	180,218	(110,297)
Total Net Position	1,605,488	1,499,335

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,605,488 at the close of the most recent fiscal year.

The District's net position reflect its investment in capital assets (e.g. land, buildings and improvements, equipment and vehicles) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

From 2022 to 2023, the District's total assets decreased \$105,649. The decrease is attributable to normal operation of the District. Total liabilities decreased \$71,124, primarily due to reduction of long term debt. The Statement of Net Position can be found on page 1.

Blanca/Fort Garland Metropolitan District
Condensed Statement of Activities
December 31, 2023

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues		
Grants and donations	76,703	59,127
General Revenues		
Taxes	697,959	637,346
Interest	4,203	772
Other	12,454	5,006
Total General Revenues	714,616	643,124
Total Revenues	791,319	702,251
Expenses		
General government	677,845	583,541
Interest on long term debt	7,321	18,396
Total expenses	685,166	601,937
Change in Net Position	106,153	100,314
Net Position, Beginning	1,499,335	1,339,021
Net Position, Ending	1,605,488	1,439,335

The District's overall financial position, as measured by net position, increased \$106,153 during 2023, due to a increase in revenues.

Financial Analysis of the District's Funds

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's governmental funds follows.

Government Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and the balance of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Fund balances are detailed on page 3 of this report.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$375,506. Of this fund balance, \$298,442 is restricted or nonspendable, meaning it is not available for new spending, because it has already been committed for emergencies under Taxpayers' Bill of Rights (TABOR), debt service, and capital outlay. The \$77,064 remainder of the fund balance is unreserved and undesignated.

General Fund Budgetary Highlights

Budget Variances: The general fund budget to actual comparison details can be seen on page 38 of the financial statements. General fund revenues were more than budgeted by \$68,418 due to increased specific property and ownership taxes and charges for services. Actual expenditures were under budget by \$135,626 primarily due to an increase in program expenses.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets at December 31, 2023 amounted to \$1,377,755 (net of accumulated depreciation/amortization). The analysis of changes in capital assets is as follows:

Capital Assets (Net of Depreciation)

	<u>2023</u>	<u>Change</u>	<u>2022</u>
Land	24,500	-	24,500
Buildings	1,140,673	(59,929)	1,200,602
Equipment	212,582	(7,489)	220,071
Total	<u>1,377,755</u>	<u>(67,418)</u>	<u>1,445,173</u>

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Obligations: At the end of the current fiscal year, the District had no outstanding long term debt. The analysis of changes in long term debt is as follows:

Long Term Obligations

	<u>2023</u>	<u>Change</u>	<u>2022</u>
Series G.O. Bonds	\$ -	(\$300,000)	\$300,000

During 2023, the District paid off the entire principal on the bond obligation. Additional information on the District's long-term obligations can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

The Blanca/ Ft. Garland Metropolitan District Community Center (BFGCC) revenues and expenditures in 2025 will vary from 2024, where the district is going to peruse more grants and will budget more towards matching dollars for the grants. With future projects in mind. Where the BFGCC will try to become more self-sufficient in perusing grants for solar as well as backup generator. As well as enhancing our current facilities such as our baseball field and park area as a capital improvement project for 2025.

Request for Information

The financial report is designed to provide a general overview of the District's finances for all those interested in the government's finances. Questions concerning any of the information provided in the report or additional financial information should be addressed to: Blanca/Fort Garland Metropolitan District, P.O. Box 310, Blanca, Colorado.

BASIC FINANCIAL STATEMENTS

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 133,952
Restricted Cash	274,203
Property Taxes Receivable	775,009
Prepaid Expenses	6,252
Capital Assets, not depreciated	24,500
Capital Assets, depreciated, net of accumulated depreciation	<u>1,353,255</u>
TOTAL ASSETS	<u>2,567,171</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	115,965
Related to OPEB	<u>5,605</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>121,570</u>
LIABILITIES	
Accounts Payable	29,418
Accrued Expenses	9,483
Accrued Compensated Absences	10,907
Noncurrent Liabilities	
Net Pension Liability	228,547
Net OPEB Liability	<u>16,128</u>
TOTAL LIABILITIES	<u>294,483</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenues - Property Taxes	775,009
Related to Pensions	7,282
Related to OPEB	<u>6,479</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>788,770</u>
NET POSITION	
Net Investment in Capital Assets	1,133,080
Restricted for Emergencies	24,000
Restricted for Capital Projects	16,343
Restricted for Debt Service	251,847
Unrestricted	<u>180,218</u>
TOTAL NET POSITION	<u>\$ 1,605,488</u>

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
PRIMARY GOVERNMENT			
Governmental Activities			
General Government	\$ 677,845	\$ 76,703	\$ (601,142)
Interest and Other Fiscal Charges	7,321	-	(7,321)
	<u>7,321</u>	<u>-</u>	<u>(7,321)</u>
Total Governmental Activities	<u>\$ 685,166</u>	<u>\$ 76,703</u>	(608,463)
GENERAL REVENUES			
Taxes			697,959
Interest			4,203
Other			12,454
			<u>12,454</u>
TOTAL GENERAL REVENUES			<u>714,616</u>
CHANGE IN NET POSITION			106,153
NET POSITION, Beginning			<u>1,499,335</u>
NET POSITION, Ending			<u>\$ 1,605,488</u>

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2023

	GENERAL FUND	CONSERVATION TRUST FUND	BOND REDEMPTION FUND	Total Governmental Funds
ASSETS				
Cash	\$ 117,609	\$ 16,343	\$ -	\$ 133,952
Restricted Cash	-	-	274,203	274,203
Due From Other Funds	22,356	-	-	22,356
Property Tax Receivable	775,009	-	-	775,009
Prepaid Expenses	6,252	-	-	6,252
TOTAL ASSETS	<u>\$ 921,226</u>	<u>\$ 16,343</u>	<u>\$ 274,203</u>	<u>\$ 1,211,772</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 29,418	\$ -	\$ -	\$ 29,418
Due to Other Funds	-	-	22,356	22,356
Accrued Expenses	9,483	-	-	9,483
TOTAL LIABILITIES	<u>38,901</u>	<u>-</u>	<u>22,356</u>	<u>61,257</u>
DEFERRED INFLOWS				
Deferred Property Taxes	775,009	-	-	775,009
FUND EQUITY				
Fund Balance				
Nonspendable	6,252	-	-	6,252
Restricted for Emergencies	24,000	-	-	24,000
Restricted for Capital Projects	-	16,343	-	16,343
Restricted for Debt Service	-	-	251,847	251,847
Unassigned	77,064	-	-	77,064
TOTAL FUND EQUITY	<u>107,316</u>	<u>16,343</u>	<u>251,847</u>	<u>375,506</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND EQUITY	<u>\$ 921,226</u>	<u>\$ 16,343</u>	<u>\$ 274,203</u>	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 1,377,755

Long-term liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore, are not reported in the funds. This includes net pension liability (\$228,547), net OPEB liability (\$16,128), deferred outflows related to pensions \$115,965, deferred outflows related to OPEB \$5,605, deferred inflows related to pensions (\$7,282), deferred inflows related to OPEB (\$6,479) and accrued compensated absences (\$10,907). (147,773)

Net position of governmental activities \$ 1,605,488

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	GENERAL FUND	CONSERVATION TRUST FUND	BOND REDEMPTION FUND	Total Governmental Funds
REVENUES				
Taxes	\$ 530,192	\$ -	\$ 167,767	\$ 697,959
Intergovernmental Revenue	-	12,437	-	12,437
Charges for Services	71,603			71,603
Grants and Donations	5,100			5,100
Interest	2,709	-	1,494	4,203
Other	-	17	-	17
TOTAL REVENUES	609,604	12,454	169,261	791,319
EXPENDITURES				
Current				
Parks and Recreation	628,260	-	-	628,260
Capital Outlay	48,552	-	-	48,552
Debt Service				
Principal	-	-	300,000	300,000
Interest and Other Fiscal Charges	-	-	7,321	7,321
TOTAL EXPENDITURES	676,812	-	307,321	984,133
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(67,208)	12,454	(138,060)	(192,814)
OTHER FINANCING SOURCES (USES)				
Transfers In	67,447	-	-	67,447
Transfers Out	-	-	(67,447)	(67,447)
TOTAL OTHER FINANCING SOURCES (USES)	67,447	-	(67,447)	-
NET CHANGE IN FUND BALANCE	239	12,454	(205,507)	(192,814)
FUND BALANCES, Beginning	107,077	3,889	457,354	568,320
FUND BALANCES, Ending	\$ 107,316	\$ 16,343	\$ 251,847	\$ 375,506

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ (192,814)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is amount by which depreciation expense (\$115,970), exceeded capital outlay \$48,552 for the current period.	(67,418)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position This amount is the payment bond payments \$300,000, lease payments \$13,284, change in accrued interest of \$1,153.	314,437
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>51,948</u>
Change in Net Position of Governmental Activities	<u><u>\$ 106,153</u></u>

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Blanca/Fort Garland Metropolitan District (the “District”) was formed in December of 1981 as a special district in the State of Colorado. The focus of the District is to provide park and recreation services in the Blanca/Fort Garland area.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District 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 District.

Based upon the application of these criteria, no organizations are included in the District’s reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, are restricted to meeting the operational or capital requirements of a particular function or segment.

Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

The District reports the following major funds:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Conservation Trust Fund – This fund is used to account for the receipt and use of Colorado Lottery Funds.

Bond Redemption Fund – This fund is used to account for the taxes collected from a dedicated mill levy to pay general obligation debt.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Assets

Investments – Investments are recorded at fair value.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and 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.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings, 10-50 years, furniture and fixtures 10-20 years; equipment, 5-20 years.

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Unearned Revenues – Unearned revenues include tuition revenues that have been collected but the corresponding expenditure that has not been incurred.

Net Position – The government-wide fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets is intended to reflect the portion of net position which is 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 is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third party limitations on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District classifies prepaid expenses as nonspendable resources as of December 31, 2023.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District also restricts the fund balance in the Conservation Trust Fund for parks and recreation expenses and the fund balance in the Bond Redemption Fund for debt service.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2023.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of resources. This separate financial statement element, deferred outflows 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 the liabilities, the statement of financial position and balance sheets 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 and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the all funds on a basis consistent with generally accepted accounting principles.

District management submits to the Board of Directors a proposed budget for the fiscal year commencing the following January 1. The budget is adopted by the Board of Directors prior to December 31. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

Legal Compliance

The actual expenditures of the General and Bond Redemption Funds exceeded their budgeted amounts by \$135,626 and \$40,939. This may be a violation of State statutes.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: CASH AND INVESTMENTS

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, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the District 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 District has no policy regarding custodial credit risk for deposits.

At December 31, 2023, the District had deposits with financial institutions with a carrying amount of \$408,155. The bank balances with the financial institutions were \$411,217. Of this amount, \$250,000 was covered federal depository insurance and \$161,217 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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
- Bankers' acceptances of certain banks
- Local government investment pools

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities. The Districts have no investments as of December 31, 2023.

Restricted Cash

Cash in the amount of \$274,203 is restricted for debt service.

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended December 31, 2023, is summarized below.

	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/23</u>
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 24,500	\$ -	\$ -	\$ 24,500
Capital Assets, Depreciated				
Buildings & Improvements	2,808,867	33,667	-	2,842,534
Equipment	497,418	14,885	-	512,303
Furniture & Fixtures	<u>17,448</u>	<u>-</u>	<u>-</u>	<u>17,448</u>
Total Capital Assets, Depreciated	<u>3,348,233</u>	<u>48,552</u>	<u>-</u>	<u>3,372,285</u>
Total Accumulated Depreciation	<u>1,903,060</u>	<u>115,970</u>	<u>-</u>	<u>2,019,030</u>
Net Capital Assets	<u>\$ 1,445,173</u>	<u>\$ (67,418)</u>	<u>\$ -</u>	<u>\$ 1,377,755</u>

Depreciation has been charged to the Supporting Services program of the District.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: LONG-TERM DEBT

Following is a summary of the District’s long-term debt transactions for the year ended December 31, 2023:

	Balance <u>12/31/22</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/23</u>	Due In <u>One Year</u>
2004 GO Bonds	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -

2004 General Obligation Bonds

During the year ended December 31, 2004, the District issued debt in the form of General Obligation Bonds for the purpose of constructing facilities additions. The principal amount of bonds issued was \$1,400,000. Interest on the bonds ranged from 2.25% to 3.7%. These bonds were paid in full during the year ended December 31, 2023.

NOTE 6: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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, 2023. 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 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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of December 31, 2023: 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. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of January 1, 2023 through December 31, 2023. Employer contribution requirements are summarized in the table below:

	January 1, 2023 Through December 31, 2023
Employer contribution rate	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%)
Amount apportioned to the LGDTF	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Total employer contribution rate to the LGDTF	13.74%

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

*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 District were \$36,860 for the year ended December 31, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the LGDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the LGDTF based on the proportionate amount of annual payroll of the LGDTF to the total annual payroll of the LGDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020.

To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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

The net pension liability for the LGDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. The District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

At December 31, 2023, the District reported a liability of \$228,547 for its proportionate share of the net pension liability. At December 31, 2023, the District's proportion was .03114%, which was a decrease of .00204% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the District recognized pension income of \$7,541. At December 31, 2023, 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	\$12,368	\$235
Changes of assumptions or other inputs	N/A	N/A
Net difference between projected and actual earnings on pension plan investments	66,737	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	7,047
Contributions subsequent to the measurement date	36,860	N/A
Total	\$115,965	\$7,282

\$36,860 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, 2024.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: 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 December 31,	
2024	\$28,695
2025	\$20,883
2026	\$22,245

Actuarial assumptions. The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%- 11.00%
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	1.00%

and

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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis. Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

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

- **Males:** 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 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 were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. 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%	

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%.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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 scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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 scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

- 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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's 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 1-percentage point lower (6.25%) or 1-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	\$447,977	\$228,547	\$44,738

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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: 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.

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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: 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.

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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$3,327 for the year ended December 31, 2023.

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

At December 31, 2023, the District reported a liability of \$16,128 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was .00226%, which was a decrease of .00027% from its proportion measured as of December 31, 2022.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: 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, 2023, the District recognized OPEB income of \$4,220. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual	N/A	\$3,306
Changes of assumptions or other inputs	\$190	1,710
Net difference between projected and actual earnings on OPEB plan investments	499	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,589	1,463
Contributions subsequent to the measurement	3,327	N/A
Total	\$5,605	\$6,479

\$3,327 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 30,	
2025	\$398
2026	(\$1,191)
2027	(\$1,069)
2028	(\$1,228)
2029	(\$1,041)
Thereafter	(\$70)

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: 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, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	<u>Entry age</u>
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than Safety Officers	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 ¹	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: 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)

Each year the per capita health care costs are developed by plan option; currently based on 2023

premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: 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)**

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 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, 2022, 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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: 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)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, 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 on 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 Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: 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 School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) 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 Safety Officers 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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: 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)

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 Safety Officers 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 Safety Officers 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 HCTF:

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: 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)

- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those 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, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. 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.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: 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)

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 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 in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$15,665	\$16,128	\$16,631

¹For the January 1, 2024, plan year.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: 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, 2023, 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: 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)

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF 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’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-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	\$19,049	\$16,128	\$13,629

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

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, injuries to employees, and natural disasters. The District participates in the Colorado Special Districts Property and Liability Pool (“Pool”). The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self-insurance pool.

The District funds pool contributions, outside insurance purchases, deductible, and uninsured losses through the General Fund. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 9: COMMITMENTS AND CONTINGENCIES

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 District believes it has complied with the Amendment. As required by the Amendment, the District has established a reserve for emergencies. At December 31, 2023, the reserve of \$24,000 was recorded as a restriction of fund balance in the General Fund.

NOTE 10: SUBSEQUENT EVENTS

Potential subsequent events were considered through September 18, 2024. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 455,902	\$ 487,538	\$ 31,636
Specific Ownership Taxes	25,000	42,654	17,654
Charges for Services	21,000	71,603	50,603
Grants and Donations	23,000	5,100	(17,900)
Interest	2,000	2,709	709
Other	14,284	-	(14,284)
TOTAL REVENUES	541,186	609,604	68,418
EXPENDITURES			
Current			
Parks and Recreation			
Salaries and Benefits	268,666	259,716	8,950
Accounting and Administration	8,580	9,700	(1,120)
Election	-	6,725	(6,725)
Insurance	16,000	28,483	(12,483)
Repairs and Maintenance	32,072	53,552	(21,480)
Utilities	102,000	121,392	(19,392)
Office, Dues and Other	28,800	38,306	(9,506)
Program Expenses	48,500	110,386	(61,886)
Capital Outlay	36,568	48,552	(11,984)
TOTAL EXPENDITURES	541,186	676,812	(135,626)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(67,208)	(67,208)
OTHER FINANCING SOURCES			
Transfers Out	-	67,447	67,447
NET CHANGE IN FUND BALANCE	-	239	239
FUND BALANCE, Beginning	-	107,077	107,077
FUND BALANCE, Ending	\$ -	\$ 107,316	\$ 107,316

See the accompanying independent auditors' report.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental Revenue	\$ 8,000	\$ 12,437	\$ 4,437
Interest and Other	1,200	17	(1,183)
TOTAL REVENUES	<u>9,200</u>	<u>12,454</u>	<u>3,254</u>
EXPENDITURES			
Current			
Capital Outlay	9,200	-	9,200
TOTAL EXPENDITURES	<u>9,200</u>	<u>-</u>	<u>9,200</u>
NET CHANGE IN FUND BALANCE	-	12,454	12,454
FUND BALANCE, Beginning	<u>-</u>	<u>3,889</u>	<u>3,889</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 16,343</u>	<u>\$ 16,343</u>

See the accompanying independent auditors' report.

BLANA/FORT GARLAND METROPOLITAN DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 LOCAL GOVERNMENT DIVISION TRUST FUND

Years Ended December 31,

	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportionate share of the Net Pension Liability	0.037%	0.033%	0.031%	0.029%	0.029%	0.032%	0.032%	0.032%	0.031%
	\$ 302,451	\$ 367,653	\$ 412,188	\$ 367,011	\$ 367,011	\$ 227,940	\$ 164,288	\$ (27,485)	\$ 228,547
District's proportionate share of the Net Pension Liability									
District's covered-employee payroll	\$ 189,544	\$ 184,527	\$ 188,557	\$ 214,618	\$ 214,618	\$ 222,611	\$ 255,355	\$ 241,724	\$ 326,176
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	159.6%	199.2%	218.6%	171.0%	171.0%	102.4%	64.3%	-11.4%	70.1%
Plan fiduciary net position as a percentage of the total pension liability	80.72%	76.86%	73.65%	79.37%	75.96%	86.26%	90.88%	101.49%	88.03%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available

See the accompanying independent auditors' report.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 LOCAL GOVERNMENT DIVISION TRUST FUND

Year Ended December 31,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contributions	\$ 23,059	\$ 24,034	\$ 23,398	\$ 23,909	\$ 24,279	\$ 27,214	\$ 28,777	\$ 33,707	\$ 32,588	\$ 36,860
Contributions in relation to the Statutorily required contributions	23,059	24,034	23,398	23,909	24,279	27,214	28,777	33,707	32,588	36,860
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 181,850	\$ 189,544	\$ 184,527	\$ 188,557	\$ 191,471	\$ 214,618	\$ 222,611	\$ 255,355	\$ 241,724	\$ 326,176
Contributions as a percentage of covered payroll	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.93%	13.20%	13.48%	11.30%

Notes:

This schedule will report ten years of data when it is available

See the accompanying independent auditors' report.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 HEALTH CARE TRUST FUND

Years Ended December 31,

	2017	2018	2019	2020	2021	2022	2023
District's proportionate share of the Net OPEB Liability	0.02340%	0.02320%	0.02260%	0.02390%	0.02410%	0.02500%	0.02260%
District's proportionate share of the Net OPEB Liability	\$ 30,380	\$ 30,184	\$ 30,801	\$ 26,828	\$ 22,874	\$ 21,489	\$ 16,128
District's employee payroll	\$ 188,557	\$ 191,471	\$ 214,618	\$ 222,611	\$ 255,355	\$ 241,724	\$ 326,176
District's proportionate share of the Net OPEB Liability as a percentage of its employee payroll	16.1%	15.8%	14.4%	12.1%	9.0%	8.9%	4.9%
Plan fiduciary net position as a percentage of the total pension liability	16.72%	17.53%	17.03%	24.49%	32.78%	39.40%	38.57%

Notes:

This schedule is reported as of December 31, as that is the plan year end.
 This schedule will report ten years of data when it is available

See the accompanying independent auditors' report.

BLANCA/FORT GARLAND METROPOLITAN DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 HEALTH CARE TRUST FUND

Years Ended December 31,

	2017	2018	2019	2020	2021	2022	2023
Statutorily required contributions	\$ 1,923	\$ 1,953	\$ 2,189	\$ 2,271	\$ 2,605	\$ 2,464	\$ 3,327
Contributions in relation to the Statutorily required contributions	1,923	1,953	2,189	2,271	2,605	2,464	3,327
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's employee payroll	\$ 188,557	\$ 191,471	\$ 214,618	\$ 222,611	\$ 255,355	\$ 241,724	\$ 326,176
Contributions as a percentage of employee payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Notes:

This schedule will report ten years of data when it is available

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

BLANCA/FORT GARLAND METROPOLITAN DISTRICT

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 166,382	\$ 167,767	\$ 1,385
Interest	-	1,494	1,494
TOTAL REVENUES	<u>166,382</u>	<u>169,261</u>	<u>2,879</u>
EXPENDITURES			
Current			
Debt Service			
Principal	156,882	300,000	(143,118)
Interest and Other Fiscal Charges	<u>9,500</u>	<u>7,321</u>	<u>2,179</u>
TOTAL EXPENDITURES	<u>166,382</u>	<u>307,321</u>	<u>(140,939)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(138,060)</u>	<u>(138,060)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>-</u>	<u>(67,447)</u>	<u>67,447</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(67,447)</u>	<u>67,447</u>
NET CHANGE IN FUND BALANCE	-	(205,507)	205,507
FUND BALANCE, Beginning	<u>-</u>	<u>457,354</u>	<u>(457,354)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 251,847</u>	<u>\$ (251,847)</u>

See the accompanying independent auditors' report.