NIWOT SANITATION DISTRICT
Niwot, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

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Independent Auditor's Report

Board of Directors
Niwot Sanitation District
Niwot, Colorado

Opinions

We have audited the financial statements of the Niwot Sanitation District (District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Niwot Sanitation District, as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV through IX, the Schedule of the Proportionate Share of the Net Pension Liability on page 28, and the Schedule of District Pension Contributions on page 29, the Schedule of the Proportionate Share of the Collective Net OPEB Liability on page 30, and the Schedule of District OPEB Contributions on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
August 9, 2024

NIWOT SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023 and 2022

Our discussion and analysis of Niwot Sanitation District's (District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2023 and 2022. Please read it in conjunction with the District's basic 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. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Fund Net Position, and 3) Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. This statement provides useful information regarding the financial position of the District. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall financial position of the District.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* reports the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported for some items that will only result in cash flows in the subsequent years.

The *Statement of Cash Flows*, as its name implies, is concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from capital financing activities, 3) cash flows from noncapital financing activities, and 4) cash flows from investing activities.

The *Notes to the Financial Statements* 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 4-27 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information consisting of: the Schedule of the Proportionate Share of the Net Pension Liability on page 28, and the Schedule of District Pension Contributions on page 29, the Schedule of the Proportionate Share of the Collective Net OPEB Liability on page 30, and the Schedule of District OPEB Contributions on page 31 of this report. Also included is supplementary information consisting of the Schedule of General and Administrative Expenses and Sewer Operating Expenses, the Schedule of Revenues, Expenditures and Changes in Funds Available – Budget and Actual (Budgetary Basis) and the Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes in Fund Net Position, which can be found on pages 32 through 35 of this report.

FINANCIAL SUMMARY AND ANALYSIS

Net Position

2023

As noted earlier, net position may serve as a useful indicator of the District's financial position. As noted in the table below, in 2023 the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $14,348,272. Current assets increased by $170,652 or 1.8%, noncurrent assets decreased by $17,456, and net capital assets increased by $552,994 or 11.6%, and overall assets increased by $706,190 or 4.9%. Capital assets, net, increased due to current capital asset additions were more than current capital asset depreciation. See the Capital Asset Administration section below for more information on capital assets. Current liabilities increased by $748,593 or 1268.1% because of higher accounts payable at yearend related to the District's capital asset additions in 2023 than there was at the end of 2022. Deferred outflows of resources, net pension and OPEB liabilities (reported as noncurrent assets or liabilities) and deferred inflows of resources varied due to the changes in the PERA pension and the Health Care Trust Fund for the year ended December 31, 2023, as recorded by the District in accordance with the Governmental Accounting Standards Board Statements No. 68 and No. 75. These changes were a result of the PERA Pension and OPEB financial results, actuarial determined projections, and changes in the District's proportionate share of the PERA Pension and OPEB liabilities, deferred outflows of resources, and deferred inflows of resources.

2022

As noted in the table below, in 2022 the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $14,384,583. Current assets decreased by $265,722 or 2.7%, noncurrent assets increased by $17,456, and net capital assets increased by $79,484 or 1.7%, and overall assets decreased by $168,782 or 1.2%. The decrease in current assets was primarily due cash and investments spent on capital asset additions in the current year. Noncurrent assets increased due to the District's proportionate share of the PERA pension asset. In the prior year there was a net pension liability. Capital assets, net, increased due to current capital asset additions were more than current capital asset depreciation. See the Capital Asset Administration section below for more information on capital assets. Current liabilities decreased by $146,615 or 71.3% as a result of less accounts payable at yearend related to the District's capital asset additions in 2022 than there was at the end of 2021. Deferred outflows of resources, net pension and OPEB liabilities or assets (reported as noncurrent liabilities or noncurrent assets) and deferred inflows of resources varied due to the changes in the PERA pension and the Health Care Trust Fund for the year ended December 31, 2022 as recorded by the District in accordance with the Governmental Accounting Standards Board Statements No. 68 and No. 75. The overall decrease in these PERA pension and Health Care Trust Fund liabilities/increase assets was $213,774. The overall increase in PERA pension and Health Care Trust Fund deferred outflows of resources was $14,818. The overall decrease in PERA pension and Health Care Trust Fund deferred inflows of resources was $51,472. These changes were a result of the PERA pension and OPEB financial results and actuarial determined projections.

NET POSITION

	December 31,		
	2021	2022	2023
ASSETS			
Current assets	$ 9,992,595	$ 9,726,873	$ 9,897,525
Noncurrent assets	-	17,456	-
Capital assets, net	4,676,587	4,756,071	5,309,065
Total assets	14,669,182	14,500,400	15,206,590
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to Pension	88,979	105,300	97,762
Deferred outflows related to OPEB	9,174	7,671	18,583
Total deferred outflows of resources	98,153	112,971	116,345
LIABILITIES			
Current liabilities	205,649	59,034	807,627
Noncurrent liabilities	209,965	13,647	162,724
Total liabilities	415,614	72,681	970,351
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to Pension	199,317	151,286	761
Deferred inflows related to OPEB	8,262	4,821	3,551
Total deferred outflows of resources	207,579	156,107	4,312
NET POSITION			
Net investment in capital assets	4,676,587	4,756,071	5,309,065
Restricted	2,161	2,184	2,325
Unrestricted	9,465,394	9,626,328	9,036,882
Total net position	$ 14,144,142	$ 14,384,583	$ 14,348,272

Changes in Net Position

2023

As noted in the following table, the District's net position for 2023 decreased by $36,311. Overall revenue increased by $309,944, or 24.4%. Net investment income increased by $527,403 due to positive investing results in 2023 and a positive fair value adjustment for 2023 when compared to a negative fair value adjustment in 2022. The District recognized a combined PERA Pension and OPEB loss of $14,218, compared to net income of $280,064 in 2022. Also, plant investment fees received in 2023 increased when compared to 2022, additional taps assessed to a couple commercial customers of the District as a result of the annual commercial tap audits performed.

Total expenses increased by $586,696, or 57.0%. Administration expenses increased by $50,917, primarily due $81,445 of plant investment fees and sewer fees refunded to a commercial customer during 2023. The District had received inaccurate readings received from local water district for a commercial customer since 2020 which resulted in the District assessing additional plant investment fees in prior years when it should not have. This also resulted in over billings by the District of sewer fees during the same time period, which were also refunded. Sewer operating expenses increased by $535,779 due primarily to higher maintenance and repair costs to problems areas in the sewer collection lines noted during the system condition assessment performed. Sludge removal was higher in 2023 due to using a dewatering process instead of land application was done in 2022. The dewatering process is a more expensive process when compared to land application.

2022

As noted in the following table, the District's net position for 2022 increased by $240,441. Overall revenue increased by $187,023, or 17.32%. Although sewer rates increased in 2021 and 2022 was a full year at the new rates, the additional revenue generated from these increases was offset by an increase in the net investment loss for 2022. The District did recognize a combined PERA pension and OPEB income of $280,064 for 2022, which was an increase of $268,244 from 2021. Also, plant investment fees received in 2022 increased when compared to 2021, primarily due to commercial tap audits and additional tap fees assessed.

Total expenses increased by $22,466, or 2.2%. Administration increased by $53,369, primarily due to higher salaries and benefits at the District Manager position. Sewer operations expenses decreased by $30,903 due primarily to lower wages and salaries and lower payroll taxes and employee benefits. Wages and salaries and payroll taxes and benefits were lower due to the District fully outsourcing operator services in April 2021 which continued for the entirety of 2022. These decreases were partially offset by an increase in contact services due to the operator contract. Sludge removal was lower in 2022 due to using a land application process instead of a dewatering process, which is less expensive process when compared to dewatering.

CHANGES IN NET POSITION

	Years Ended December 31,		
	2021	**2022**	**2023**
REVENUES			
Program revenues:			
Charges for services	$ 1,059,911	$ 1,087,149	$ 1,098,298
Capital grants and contributions	42,200	62,620	125,440
General revenues:			
Net investment income (loss)	(37,235)	(159,614)	367,789
Grants	6,500	-	-
Net PERA pension and OPEB income (loss)	11,820	280,064	(11,364)
Total revenues	1,083,196	1,270,219	1,580,163
EXPENSES			
Administration	166,546	219,915	270,832
Sewer operations	840,766	809,863	1,345,642
Total expenses	1,007,312	1,029,778	1,616,474
CHANGE IN NET POSITION	75,884	240,441	(36,311)
NET POSITION - BEGINNING OF YEAR	14,068,258	14,144,142	14,384,583
NET POSITION - END OF YEAR	$ 14,144,142	$ 14,384,583	$ 14,348,272

BUDGETARY HIGHLIGHTS

During 2023 the District's budget was not amended. The appropriated expenditures were $10,966,080 and the actual expenditures were $2,169,468. The District appropriates all revenues and accumulated funds available, even though anticipated expenditures are budgeted at lower amounts. Therefore there is a significant difference between the actual expenditures and the appropriated expenditures, which is included in the contingency under in the expenditures section. Additionally, for 2023, the actual capital outlay was $1,139,922 less than budgeted. Budgeted revenue was $1,079,000 and actual revenue was $1,591,527. The District had net investment income of $367,789, resulting in a favorable budget variance of $367,789.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The District's changes in capital assets for the years ended December 31, 2023 and 2022 are as follows:

CAPITAL ASSETS (net of accumulated depreciation)

	2021	Change	2022	Change	2023
Land and property rights	$ 341,677	$ -	$ 341,677	$ -	$ 341,677
Construction in progress	177,008	(82,590)	94,418	860,078	954,496
Treatment plant	2,026,122	(146,260)	1,879,862	(146,260)	1,733,602
Administration building	63,697	(6,034)	57,663	(6,033)	51,630
Service equipment & office furniture and equipment	18,846	29,274	48,120	(8,582)	39,538
Transmission/collection lines	1,685,147	302,983	1,988,130	(128,320)	1,859,810
Roadway and grounds	364,090	(17,889)	346,201	(17,889)	328,312
Total	$ 4,676,587	$ 79,484	$ 4,756,071	$ 552,994	$ 5,309,065

During 2023, the District spent $860,078 for the design of a Wastewater Treatment Plant upgrade which began construction in 2024.

During 2022, the District spent an additional $262,059 completing the sliplining project which began in 2021. The District also spent $77,500 for engineering and other costs related to a future new treatment plant. Also, $36,132 was spent on equipment and software/technology improvements, including a riding lawnmower, a computer server, a copier, billing system upgrade, and website design/build.

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

ECONOMIC FACTORS NEXT YEAR'S BUDGET AND RATES

For 2024 the District continues to be funded by primarily user charges, plant investment fees and investment earnings. The District does not levy a property tax. Effective January 1, 2024 the District adopted a sewer rate increase of $127 per SFE, which increased the District's bi-monthly rate from $71 to $198 per SFE. Total budgeted revenues (excluding beginning balance) for 2023 are $1,699,692. Although expenditures are budgeted for $3,475,000, the overall appropriation for expenditures was set by the Board of Directors at $11,527,793.

In January 2023 the District entered into a Design-Build contract for Phase 1 of a Wastewater Treatment Plant Upgrade Project. Phase 1 consisted of engineering and design services for the project. In January 2024 the District entered into Amendment 1 to the Design-Build contract which accepted the design of the project and agreed to a guaranteed maximum price for the Wastewater Treatment Plant Upgrade Project of $27,000,000. The District anticipates funding the cost of the project with existing cash and investments of the District as well as bond financing.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Niwot Sanitation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Manager, 7395 N. 95th St., Niwot, CO 80504.

BASIC FINANCIAL STATEMENTS

NIWOT SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents - Undesignated	$ 1,017,092	$ 932,705
Cash and cash equivalents - Designated	2,027,343	1,692,485
Investments - Designated	6,435,944	6,832,044
Accounts receivable:		
Customers - Service charges	169,737	177,148
Customers - Plant investment fees	107,800	3,820
Other	-	4,913
Interest receivable	18,224	10,302
Prepaid expenses	16,902	-
Inventory	104,483	73,456
Total current assets	9,897,525	9,726,873
NONCURRENT ASSETS		
Net PERA pension asset	-	17,456
Total noncurrent assets	-	17,456
CAPITAL ASSETS		
Land and property rights	341,677	341,677
Construction in progress	954,496	94,418
Treatment plant	4,925,537	4,925,537
Administration building	199,762	199,762
Service equipment & office furniture and equipment	393,903	393,903
Transmission/collection lines	5,561,397	5,561,397
Roadway and grounds	369,332	369,332
	12,746,104	11,886,026
Less accumulated depreciation and amortization	(7,437,039)	(7,129,955)
Total capital assets	5,309,065	4,756,071
Total assets	15,206,590	14,500,400
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to PERA Pension	97,762	105,300
Deferred outflows related to PERA OPEB	18,583	7,671
Total deferred outflows of resources	116,345	112,971
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 15,322,935	$ 14,613,371
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 807,627	$ 59,034
Total current liabilities	807,627	59,034
NONCURRENT LIABILITIES		
Net PERA Pension liability	152,642	-
Net PERA OPEB liability	10,082	13,647
Total noncurrent liabilities	162,724	13,647
Total liabilties	970,351	72,681
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to PERA Pension	761	151,286
Deferred inflows related to PERA OPEB	3,551	4,821
Total deferred inflows of resources	4,312	156,107
NET POSITION		
Net investment in capital assets	5,309,065	4,756,071
Restricted for Disadvantaged Customer Assistance	2,325	2,184
Unrestricted	9,036,882	9,626,328
Total net position	14,348,272	14,384,583
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 15,322,935	$ 14,613,371

These financial statements should be read only in connection with the accompanying notes to financial statements.

NIWOT SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING REVENUE		
Charges for services	$ 1,098,298	$ 1,087,149
Total operating revenue	1,098,298	1,087,149
OPERATING EXPENSES		
Administration	270,832	219,915
Sewer operations	1,345,642	809,863
Total operating expenses	1,616,474	1,029,778
OPERATING GAIN (LOSS)	(518,176)	57,371
NONOPERATING REVENUE (EXPENSE)		
Net investment income (loss)	367,789	(159,614)
PERA Pension income/(loss) adjustment	(27,111)	266,114
PERA OPEB income/(loss) adjustment	15,747	13,950
Total nonoperating revenue (expense)	356,425	120,450
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(161,751)	177,821
CAPITAL CONTRIBUTIONS		
Plant investment fees	125,440	62,620
Total capital contributions	125,440	62,620
CHANGE IN NET POSITION	(36,311)	240,441
NET POSITION - BEGINNING OF YEAR	14,384,583	14,144,142
NET POSITION - END OF YEAR	$ 14,348,272	$ 14,384,583

These financial statements should be read only in connection with
the accompanying notes to financial statements.

NIWOT SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 1,105,709	$ 1,089,887
Payments to vendors	(1,248,936)	(551,804)
Payments to employees	(14,319)	(179,292)
Net cash provided (required) by operating activities	(157,546)	358,791
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital asset purchases	(200,636)	(525,731)
Plant investment fees received	21,460	58,800
Net cash required by capital financing activities	(179,176)	(466,931)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(6,694,386)	(10,948,370)
Maturity of investments	7,199,988	11,123,945
Interest received	250,365	85,196
Net cash provided by investing activities	755,967	260,771
NET INCREASE IN CASH AND CASH EQUIVALENTS	419,245	152,631
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,625,190	2,472,559
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,044,435	$ 2,625,190
RECONCILIATION OF OPERATING GAIN TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Operating gain (loss)	$ (518,176)	$ 57,371
Adjustments to reconcile gain (loss) from operations to net cash provided by operating activities:		
Depreciation	307,084	296,207
Effects of changes in operating assets and liabilities:		
Accounts receivable - Customers	7,411	2,738
Prepaid expenses	(16,902)	3,963
Accounts payable	90,210	14,720
Payroll taxes and employee benefits payable	3,854	(13,737)
Accrued general leave	-	(2,471)
Net cash provided (required) by operating activities	$ (157,546)	$ 358,791

These financial statements should be read only in connection with the accompanying notes to financial statements.

NOTE 1 – DEFINITION OF REPORTING ENTITY

Niwot Sanitation District (District), was created as a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Niwot, Colorado. The District's purpose is to provide for the design, acquisition, installation and construction of a complete sanitary sewer system, wastewater treatment and disposal works and facilities, and all necessary or proper equipment and appurtenances incident thereto. The District is also responsible for the operation and maintenance of said facilities and responsible for compliance with all pertinent state and federal regulations regarding the operation of the District facilities. The District is governed by an elected Board of Directors.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District does not have any authorized but unissued debt.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and loans is recorded as a reduction in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received.

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

Operating Revenues and Expenses

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and

delivering goods in connection with an enterprise fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets
In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. For budgetary purposes, the District adopts budgets for a General Fund and Capital Improvements Fund. However, for financial reporting the operations of the District are reported as a single proprietary enterprise fund.

Cash Equivalents
For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

Accounts Receivable
Accounts receivable consist of uncollected water and sewer service revenue. Due to the District's broad powers of collection, no allowance for uncollectible water and sewer service revenue receivables has been reported.

Prepaid Expenses
Certain payments to vendors for goods or services reflect costs which are applicable to future accounting periods are recorded as prepaid items in the financial statements.

Inventory
Inventory is valued at cost using the first in, first out method. Inventory consists of spare parts and expendable supplies held for future consumption or capitalization. The cost is recorded as an expense as inventory items are consumed.

Capital Assets
Capital assets, which include property, plant, buildings, equipment, and infrastructure assets (transmission lines), are reported in the statement of net position. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Capital assets are recorded at cost except for those assets which have been contributed which are stated at historical cost or acquisition value at the date of contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Treatment plant	5 - 35 years
Administration building	7 - 35 years
Service equipment	5 - 35 years

Transmission/collection lines	10 - 50 years
Roadways and grounds	7 - 25 years

Accrued General Leave
It is the District's policy that employees begin accruing vacation upon hire, however amounts accumulated in one calendar year are not available for use until subsequent calendar year. Any accrued vacation not used when available will be forfeited unless there are extenuating, compelling reasons. Employees who terminate their employment with accrued but unused vacation shall be paid at their current regular rate of pay for such vacation time.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until that time. The District has recognized deferred outflows of resources in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) and for GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75).

In addition to liabilities, the statement of net position and fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has also recognized deferred inflows of resources in accordance with presentation requirements for GASB 68 and for GASB 75.

Estimates
Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Plant Investment Fees and Contributed Lines
Plant investment fees are recorded as capital contributions when received. Lines contributed to the District are recorded as capital contributions and additions to the systems at estimated fair market value when received.

Reclassifications
For comparability, certain 2022 amounts have been reclassified where appropriate to conform with the 2023 financial statement presentation.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 and 2022 are classified in the accompanying financial statements as follows:

	2023	2022
Cash and cash equivalents - Undesignated	$ 1,017,092	$ 932,705
Cash and cash equivalents - Designated	2,027,343	1,692,485
Total cash and cash equivalents	3,044,435	2,625,190
Investments - Designated	6,435,944	6,832,044
Total cash and cash equivalents and investments	$ 9,480,379	$ 9,457,234

Cash Deposits
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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2023, the District had cash deposits with a bank balance of $3,087,747 and a carrying balance of $3,044,435. As of December 31, 2022, the District had cash deposits with a bank balance of $2,629,995 and a carrying balance of $2,625,190.

Investments
The District has formally adopted an investment policy. The adopted policy effectively adopted the provisions of the Colorado State Statutes which allow for the following investments:

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

In addition to the provisions adopted above, the investment policy limits securities issued by the United States government and investments issued by the Government National Mortgage Association (GNMA) to investments with final maturity dates not to exceed ten years from the date of purchase. The investment policy also provides for investment objectives, defines and delegates the authority for making investment decisions of the District's funds, defines competitive bidding requirements for the purchase of investments through broker/dealers, defines authorized depositories, and defines investment reporting requirements.

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer for most of its investments. The District's concentrations of investments are disclosed below.

As of December 31, 2023 the District had the following investments:

Investment	Carrying Amount	Weighted Average Maturity	Percentage of Portfolio
US Treasury Bills	$ 2,536,302	Less than 1 year	39.4%
US Treasury Notes	1,371,682	Less than 1 year	21.3%
FHLMC	651,155	17.49 years	10.1%
FNMA	829,557	18.16 years	12.9%
GNMA	325,134	18.86 years	5.1%
Negotiable Certificates of Deposit	722,114	1 year or less	11.2%
	$ 6,435,944		100.0%

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

Investment	Carrying Amount	Weighted Average Maturity	Percentage of Portfolio
US Treasury Bills	$ 4,184,507	Less than 1 year	61.2%
FHLMC	770,575	18.36 years	11.3%
FNMA	983,326	19.11 years	14.4%
GNMA	386,109	19.76 years	5.7%
Negotiable Certificates of Deposit	507,527	1 year or less	7.4%
	$ 6,832,044		100.0%

Due to the nature of the Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and Government National Mortgage Association (GNMA) investments, the District experiences actual maturities significantly shorter than stated above, and generally less than three years.

Investment Valuation
Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments in the US Treasury Bills, FHLMC, FNMA, GNMA and Negotiable Certificates of Deposit are valued using Level 1 inputs.

Designated Cash and Cash Equivalents and Designated Investments
The Board of Directors initially designated cash of $220,000 as of December 31, 1987, to fund future capital expenditures. As of December 31, 2023 and 2022, the designated cash and cash

equivalents and investments were $8,463,287 and $8,524,529, respectively, from additional transfers from operating accounts, charges for services, capital contributions and net investment earnings, less capital improvement expenditures. It is intended that all capitalized additions to capital assets and significant repairs and maintenance of capital assets will be paid for from these board designated assets.

NOTE 4 - CAPITAL ASSETS

The following is an analysis of the changes in capital assets for the year ended December 31, 2023:

	Balance December 31, 2022	Additions	Disposals/ Retirements	Balance December 31, 2023
Capital assets, not being depreciated:				
Land and property rights	$ 341,677	$ -	$ -	$ 341,677
Construction in progress	94,418	860,078	-	954,496
Total capital assets, not being depreciated	436,095	860,078	-	1,296,173
Capital assets, being depreciated:				
Treatment plant	4,925,537	-	-	4,925,537
Administration building	199,762	-	-	199,762
Service equipment & office furniture and equipment	393,903	-	-	393,903
Transmission/collection lines	5,561,397	-	-	5,561,397
Roadway and grounds	369,332	-	-	369,332
Total capital assets being depreciated	11,449,931	-	-	11,449,931
Less accumulated depreciation for:				
Treatment plant	(3,045,675)	(146,260)	-	(3,191,935)
Administration building	(142,099)	(6,033)	-	(148,132)
Service equipment & office furniture and equipment	(345,783)	(8,582)	-	(354,365)
Transmission/collection lines	(3,573,267)	(128,320)	-	(3,701,587)
Roadway and grounds	(23,131)	(17,889)	-	(41,020)
Total accumulated depreciation	(7,129,955)	(307,084)	-	(7,437,039)
Total capital assets being depreciated, net	4,319,976	(307,084)	-	4,012,892
Total capital assets, net	$ 4,756,071	$ 552,994	$ -	$ 5,309,065

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The following is an analysis of the changes in capital assets for the year ended December 31, 2022:

	Balance December 31, 2021	Additions	Disposals/ Retirements	Balance December 31, 2022
Capital assets, not being depreciated:				
Land and property rights	$ 341,677	$ -	$ -	$ 341,677
Construction in progress	177,008	339,559	(422,149)	94,418
Total capital assets, not being depreciated	518,685	339,559	(422,149)	436,095
Capital assets, being depreciated:				
Treatment plant	4,925,537	-	-	4,925,537
Administration building	199,762	-	-	199,762
Service equipment & office furniture and equipment	357,771	36,132	-	393,903
Transmission/collection lines	5,139,248	422,149	-	5,561,397
Roadway and grounds	369,332	-	-	369,332
Total capital assets being depreciated	10,991,650	458,281	-	11,449,931
Less accumulated depreciation for:				
Treatment plant	(2,899,415)	(146,260)	-	(3,045,675)
Administration building	(136,065)	(6,034)	-	(142,099)
Service equipment & office furniture and equipment	(338,925)	(6,858)	-	(345,783)
Transmission/collection lines	(3,454,101)	(119,166)	-	(3,573,267)
Roadway and grounds	(5,242)	(17,889)	-	(23,131)
Total accumulated depreciation	(6,833,748)	(296,207)	-	(7,129,955)
Total capital assets being depreciated, net	4,157,902	162,074	-	4,319,976
Total capital assets, net	$ 4,676,587	$ 501,633	$ (422,149)	$ 4,756,071

NOTE 5 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets consists of capital assets, net of accumulated depreciation and if applicable reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023 and 2022 the District's net investment in capital assets was $5,309,065 and $4,756,071, respectively.

The restricted net position consists of donations received from existing District customers that is restricted to provide financial assistance to other District customers with paying their sewer service bills. As of December 31, 2023 and 2022, the District had $2,325 and $2,184, respectively, restricted for the Disadvantaged Customer Assistance program.

NOTE 6 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, as amended from time to time, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property, liability, public officials' liability, boiler and machinery, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 7 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO

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. PERA issues a publicly available annual comprehensive annual 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.

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

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

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

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

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. 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.

Contribution provisions. Eligible employees and the District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 24-51-401, *et seq* and C.R.S. Section 24-51-513. For the

period January 1, 2021 through June 30, 2022, eligible employees were required to contribute 8.50% of their PERA-includable salary. For the period July 1, 2022 through December 31, 2023, eligible employees were required to contribute 9.00% of their PERA-includable salary.

The employer contribution requirements during the period of January 1, 2022 through December 31, 2023 are summarized in the table below:

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through December 31, 2023
Employer Contribution Rate	10.50%	11.00%	11.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%
Amount apportioned to the LGDTF	9.48%	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. Section 24-51-415	0.03%	0.03%	0.06%
Total Employer Contribution Rate to the LGDTF	13.21%	13.71%	13.74%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were $3,024 and $16,779 for the years ended December 31, 2023 and 2022, respectively.

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

As of December 31, 2023 and 2022, the District reported a liability/(asset) of ($17,456) and $152,642, respectively, for its proportionate share of the LGDTF net pension liability/(asset). The December 31, 2022 net pension (asset) for the LGDTF was measured as of December 31, 2021. Standard update procedures were used to roll-forward the total net pension (asset) to December 31, 2022. The December 31, 2023 net pension liability for the LGDTF was measured as of December 31, 2022. The District's December 31, 2023 and 2022 proportions of the net pension liability/(asset) were based on contributions to the LGDTF for the calendar years 2022 and 2021, respectively, to the total contributions from participating employers.

As of the December 31, 2022, measurement date, the District's proportion was .0152252%, which was a decrease of .0051342% from its proportion measured as of December 31, 2021. As of the December 31, 2021, measurement date, the District's proportion was .0203595%, which was a decrease of .0150073% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2023, the District recognized net pension expense of $29,758. For the year ended December 31, 2022, the District recognized net pension income of $247,672.

As of December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (761)
Change in proportion and differences between contributions recognized and proportionate share of contributions	32,422	-
Net difference between projected and actual earnings on pension plan investments	62,316	-
Contributions subsequent to the measurement date	3,024	-
Total	$ 97,762	$ (761)

The $3,024 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 ending December 31, 2024. 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 Ending December 31	
2024	$ (6,922)
2025	38,796
2026	25,591
2027	36,512
	$ 93,977

Actuarial assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20 – 11.30%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the Annual

Increase Reserve (AIR)

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

The total pension liability for the LGDTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. Section 24-51-313, of Tri-County Health Department, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health Department was received, and therefore no disaffiliation dollars were reflected in the fiduciary net pension as of the December 31, 2022, measurement date.

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

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

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

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

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

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

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

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

Disabled mortality assumptions for members 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, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at lease every 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 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the 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%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP 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 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.

- 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.

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability/(asset)	$ 256,248	$ 152,642	$ 65,907

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

Defined Contribution Pension Plans

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the District does not match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the years ended December 31, 2023 and 2022, no contributions were made by program members.

NOTE 8 – POST RETIREMENT HEALTHCARE BENEFITS

Defined Benefit Other Postemployment 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. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium

subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

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

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were $207 and $1,272 for the years ended December 31, 2023 and 2022, respectively.

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

As of December 31, 2023 and 2022, the District reported liabilities of $10,082 and $13,647, respectively, for its proportionate share of the net OPEB liabilities. The net OPEB liabilities for the HCTF were measured as of December 31, 2022 and 2021, respectively. The total OPEB liability used to calculate the net OPEB liability as of the December 31, 2022 measurement date was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability used to calculate the net OPEB liability as of the December 31, 2021 measurement date was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District's December 31, 2023 and 2022 proportions of the net OPEB liability were based on contributions to the HCTF for the calendar years 2022 and 2021, respectively, to the total contributions from participating employers.

As of the December 31, 2022, measurement date, the District's proportion was 0.0012349%, which was a decrease of 0.0003478% from its proportion measured as of December 31, 2021. As of the December 31, 2021, measurement date, the District's proportion was 0.0015827%, which was a decrease of 0.0011177% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2023, the District recognized OPEB income of $15,540. For the year ended December 31, 2022, the District recognized OPEB income of $7,944. As of December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1	$ (2,438)
Net difference between projected and actual earnings on OPEB plan investments	616	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	17,597	-
Changes in assumptions or other Inputs	162	(1,113)
Contributions subsequent to the measurement date	207	-
Total	$ 18,583	$ (3,551)

The $207 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, 2024. 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 Ending December 31	
2024	$ 3,102
2025	3,345
2026	4,522
2027	3,385
2028	379
2029	92
	$ 14,825

Actuarial assumptions. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%	7.25%	7.25%	7.25%
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy	0.00%	0.00%	0.00%	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030			
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029			
DPS benefit structure:				
Service-based premium subsidy	0.00%	0.00%	0.00%	0.00%
PERACare Medicare plans	N/A	N/A	N/A	N/A
Medicare Part A premiums	N/A	N/A	N/A	N/A

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health Department was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 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)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

	MAPD PPO #1 with Medicare Part A Retire/spouse		MAPD PPO #2 with Medicare Part A Retire/spouse		MAPD HMO (Kaiser) with Medicare Part A Retire/spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	$ 1,704	$ 1,450	$ 583	$ 496	$ 1,923	$ 1,634
70	$ 1,976	$ 1,561	$ 676	$ 534	$ 2,229	$ 1,761
75	$ 2,128	$ 1,681	$ 728	$ 575	$ 2,401	$ 1,896

	MAPD PPO #1 without Medicare Part A Retire/spouse		MAPD PPO #2 without Medicare Part A Retire/spouse		MAPD HMO (Kaiser) without Medicare Part A Retire/spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	$ 6,514	$ 5,542	$ 4,227	$ 3,596	$ 6,752	$ 5,739
70	$ 7,553	$ 5,966	$ 4,901	$ 3,872	$ 7,826	$ 6,185
75	$ 8,134	$ 6,425	$ 5,278	$ 4,169	$ 8,433	$ 6,657

The 2022 Medicare Part A premium is $499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2021, 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 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- 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. Medicare Part A premiums continued with the prior valuation trend pattern.

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, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every 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.

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%	

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

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	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 9,834	$ 10,082	$ 10,393

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. 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 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net OPEB liability	$ 11,688	$ 10,082	$ 8,709

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is

available in PERA's annual comprehensive financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of the District's activities qualify as an Enterprise within the meaning of TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions, including the calculation of fiscal year spending limits, growth factors, and qualification as an Enterprise, may require judicial interpretation.

NOTE 10 - COMMITMENTS

During 2023, the District entered into a Design-Build contract for Phase 1 a Wastewater Treatment Plant Upgrade Project (Project). As of December 31, 2023 there was $177,021 remaining on the contract. Also, during 2023, the District had a contract for a condition assessment of the District's collection system. As of December 31, 2023, there was $74,379 remaining on the contact.

NOTE 11 – SUBSEQUENT EVENTS

During 2023, the District entered into a Design-Build contract for Phase 1 of a new Wastewater Treatment Plant. In January 2024 the District entered into Amendment 1 to the Design-Build contract which accepted the design of the project and agreed to a guaranteed maximum price for the Wastewater Treatment Plant of $27,000,000. The District anticipates funding the cost of the project with existing cash and investments of the District as well as bond financing. In April 2024, the District approved a resolution authorizing the sale and issuance of its Wastewater Revenue Bonds, Series 2024 (Bonds) in an amount not to exceed $22,000,000 at an interest rate not to exceed 6%. The proceeds of the bond issuance are for the purpose of financing the acquisition and construction and improvement of the new Wastewater Treatment Plant and other capital improvements. The District anticipates the Bonds will be issued in August 2024.

REQUIRED SUPPLEMENTAL INFORMATION

NIWOT SANITATION DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA PENSION PLAN - LOCAL GOVERNMENT DIVISION TRUST FUND
LAST TEN YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability (Asset)	0.0152252%	0.0203595%	0.0353668%	0.0320342%	0.0347073%	0.0358287%	0.0358389%	0.0365344%	0.0399138%	0.0395991%
Disrict's Proportionate Share of the Net Pension Liability (Asset)	$ 152,642	$ (17,456)	$ 184,306	$ 234,295	$ 436,344	$ 398,927	$ 483,947	$ 402,456	$ 357,751	$ 325,869
District's Covered Payroll	$ 125,309	$ 151,491	$ 249,711	$ 220,602	$ 227,643	$ 226,028	$ 217,229	$ 207,486	$ 218,710	$ 211,265
Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Payroll	121.81%	11.52%	73.81%	106.21%	191.68%	176.49%	222.78%	193.97%	163.57%	154.25%
Calculation of Collectvie Net Pension Liability (Asset):										
Total Pension Liability	$ 5,895,159,000	$ 5,758,380,000	$ 5,715,765,000	$ 5,324,353,000	$ 5,228,602,000	$ 5,396,516,000	$ 5,123,847,000	$ 4,762,090,000	$ 4,647,777,000	$ 4,331,233,000 **(2)**
Plan Fiduciary Net Position	4,892,596,000	5,844,117,000	5,194,638,000	4,592,962,000	3,971,389,000	4,283,086,000	3,773,506,000	3,660,509,000	3,751,468,000	3,508,312,000
Net Pension Liability (Asset)	$ 1,002,563,000	$ (85,737,000)	$ 521,127,000	$ 731,391,000	$ 1,257,213,000	$ 1,113,430,000	$ 1,350,341,000	$ 1,101,581,000	$ 896,309,000	$ 822,921,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.99%	101.49%	90.88%	86.26%	75.96%	79.37%	73.65%	76.87%	80.72%	81.00%

(1) - The amounts presented for each fiscal year were determined as of 12/31.

(2) - December 31, 2013 amount reduced by the $186,006,000 specific liability adjustment resulting from the termination of the affiliation of Memorial Health Systems. This specific liability was paid in October 2014 by the City of Colorado Springs.

NIWOT SANITATION DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
PERA PENSION PLAN - LOCAL GOVERNMENT DIVISION TRUST FUND
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 3,024	$ 16,779	$ 19,997	$ 32,284	$ 27,972	$ 28,865	$ 28,660	$ 27,545	$ 26,309	$ 27,732
Contributions in Relation to the Contractually Required Contribution	(3,024)	(16,779)	(19,997)	(32,284)	(27,972)	(28,865)	(28,660)	(27,545)	(26,309)	(27,732)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 20,307	$ 125,309	$ 151,491	$ 249,711	$ 220,602	$ 227,643	$ 226,028	$ 217,229	$ 207,459	$ 218,710
Contributions as a Percentage of Covered Payroll	14.89%	13.39%	13.20%	12.93%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

NIWOT SANITATION DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
HEALTH CARE TRUST FUND OPEB PLAN
LAST SIX YEARS(1)

	2022	2021	2020	2019	2018	2017
District's Proportion of the Collective Net OPEB Liability (Asset)	0.0012349%	0.0015827%	0.0027003%	0.0024535%	0.0026916%	0.0027841%
Disrict's Proportionate Share of the Collective Net OPEB Liability (Asset)	$ 10,082	$ 13,647	$ 25,659	$ 27,577	$ 36,620	$ 36,182
District's Covered Payroll	$ 125,309	$ 151,491	$ 249,711	$ 220,602	$ 227,643	$ 226,028
Proportionate Share of Collective Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	8.05%	9.01%	10.28%	12.50%	16.09%	16.01%
Calculation of Collective Net OPEB Liability:						
Total OPEB Liability	$ 1,329,183,000	$ 1,423,054,000	$ 1,413,526,000	$ 1,488,508,000	$ 1,639,734,000	$ 1,575,822,000
Plan Fiduciary Net Position	512,704,000	560,749,000	463,301,000	364,510,000	279,192,000	276,222,000
Net OPEB Liability	$ 816,479,000	$ 862,305,000	$ 950,225,000	$ 1,123,998,000	$ 1,360,542,000	$ 1,299,600,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%

(1) - The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior four years was not available to report.

NIWOT SANITATION DISTRICT
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
HEALTH CARE TRUST FUND OPEB PLAN
LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017
Statutorily Required Contribution	$ 207	$ 1,278	$ 1,545	$ 2,547	$ 2,250	$ 2,322	$ 2,305
Contributions in Relation to the Statutorily Required Contribution	(207)	(1,278)	(1,545)	(2,547)	(2,250)	(2,322)	(2,305)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 20,307	$ 125,309	$ 151,491	$ 249,711	$ 220,602	$ 227,643	$ 226,028
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior three years was not available to report.

SUPPLEMENTAL INFORMATION

NIWOT SANITATION DISTRICT
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES AND SEWER OPERATING EXPENSES
Years Ended December 31, 2023 and 2022

	2023	2022
General and Administrative Expenses		
Contract services	$ 65,152	$ 10,421
Salaries and wages	12,035	90,462
Payroll taxes and employee benefits	4,114	34,066
Insurance expense	18,958	17,829
Training and education	-	67
Miscellaneous	11,402	8,065
Human resource development	6,196	7,549
Accounting and auditing fees	8,400	7,800
Postage	8,398	5,234
Directors' fees	7,300	6,800
Office supplies and expense	10,946	9,580
Election	372	362
Legal fees	6,218	3,203
Telephone expense	3,491	2,220
Computer expense	7,377	3,543
Utilities expense	3,712	2,052
Dues and subscriptions	3,625	1,008
Plant investment/surcharge fees and service fees refunds	81,445	-
Depreciation	11,691	9,654
Total general and administrative expenses	$ 270,832	$ 219,915
Sewer Operating Expenses		
Contract services	$ 258,635	$ 180,431
Salaries and wages	1,152	25,704
Payroll taxes and employee benefits	872	12,852
Maintenance and repair	451,025	30,235
Line cleaning and root foam	100,652	72,824
Operating supplies and fees	16,122	17,792
Small equipment	1,390	-
Vehicle expense	5,752	3,865
Sludge removal	103,700	62,704
Utilities expense	98,475	103,060
Telephone expense	3,491	3,170
Licenses and permits - State	4,720	8,104
Engineering	-	390
Lab expense	4,263	2,179
Depreciation	295,393	286,553
Total sewer operating expenses	$ 1,345,642	$ 809,863

NIWOT SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2023

	Operations Fund		
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Operating revenues:			
Sewer charges	$ 810,000	$ 821,520	$ 11,520
Plant investment fees, including surcharges	-	-	-
Processing fees and miscellaneous charges	19,000	26,778	7,778
Nonoperating revenues:			
Net investment income (loss)	-	-	-
Total Revenues	829,000	848,298	19,298
EXPENDITURES			
Administration:			
Contract services	64,000	65,152	(1,152)
Salaries and wages	40,000	12,035	27,965
Directors' fees	7,000	7,300	(300)
Payroll taxes and employee benefits	8,952	4,114	4,838
Insurance	18,000	18,958	(958)
Miscellaneous	5,000	11,402	(6,402)
Human resource development	10,000	6,196	3,804
Auditing	8,000	8,400	(400)
Postage	6,000	8,398	(2,398)
Office supplies and expenditures	10,000	10,946	(946)
Election	600	372	228
Legal fees	2,500	6,218	(3,718)
Telephone expenditures	3,500	3,491	9
Computer expenditures	3,000	7,377	(4,377)
Utilities expenditures	2,000	3,712	(1,712)
Dues and subscriptions	2,500	3,625	(1,125)
Plant investment/surcharge fees and service fees refunds	-	6,965	(6,965)
Total administration	191,052	184,661	6,391
Sewer collection:			
Contract services	87,552	88,894	(1,342)
Payroll taxes and employee benefits	-	781	(781)
Maintenance and repair	20,000	2,046	17,954
Line cleaning, inspection and root foam	80,000	32,473	47,527
Operating supplies and fees	7,500	-	7,500
Vehicle expenditures	3,000	3,387	(387)
Total sewer collection	198,052	127,581	70,471
Sewer treatment:			
Contract services	164,196	169,741	(5,545)
Salaries and wages	2,000	1,152	848
Payroll taxes and employee benefits	700	91	609
Maintenance and repair	25,000	11,759	13,241
Operating supplies and fees	20,000	16,122	3,878
Small equipment	-	1,390	(1,390)
Sludge removal	100,000	103,700	(3,700)
Licenses and permits - State	5,200	4,720	480
Utilities expenditures	140,000	98,475	41,525
Telephone expenditures	3,500	3,491	9
Vehicle expenditures	1,500	2,365	(865)
Lab expenditures	4,000	4,263	(263)
Total sewer treatment	466,096	417,269	48,827
Capital outlay:			
Treatment plant	-	-	-
Lines	-	-	-
Total capital outlay	-	-	-
Contingency	1,097,488	-	1,097,488
Total expenditures	1,952,688	729,511	1,223,177
NET CHANGE IN FUNDS AVAILABLE	(1,123,688)	118,787	1,242,475
FUNDS AVAILABLE - BEGINNING OF YEAR	1,123,688	1,098,493	(25,195)
FUNDS AVAILABLE - END OF YEAR	$ -	$ 1,217,280	$ 1,217,280

Capital Improvements Fund			Total (Memorandum Only)		
Original and Final Budgeted Amounts	Actual	Variance with Final Budget	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
$ 250,000	$ 250,000	$ -	$ 1,060,000	$ 1,071,520	$ 11,520
-	125,440	125,440	-	125,440	125,440
-	-	-	19,000	26,778	7,778
-	367,789	367,789	-	367,789	367,789
250,000	743,229	493,229	1,079,000	1,591,527	512,527
-	-	-	64,000	65,152	(1,152)
-	-	-	40,000	12,035	27,965
-	-	-	7,000	7,300	(300)
-	-	-	8,952	4,114	4,838
-	-	-	18,000	18,958	(958)
-	-	-	5,000	11,402	(6,402)
-	-	-	10,000	6,196	3,804
-	-	-	8,000	8,400	(400)
-	-	-	6,000	8,398	(2,398)
-	-	-	10,000	10,946	(946)
-	-	-	600	372	228
-	-	-	2,500	6,218	(3,718)
-	-	-	3,500	3,491	9
-	-	-	3,000	7,377	(4,377)
-	-	-	2,000	3,712	(1,712)
-	-	-	2,500	3,625	(1,125)
-	74,480	(74,480)	-	81,445	(81,445)
-	74,480	(74,480)	191,052	259,141	(68,089)
-	-	-	87,552	88,894	(1,342)
-	-	-	-	781	(781)
-	437,220	(437,220)	20,000	439,266	(419,266)
-	68,179	(68,179)	80,000	100,652	(20,652)
-	-	-	7,500	-	7,500
-	-	-	3,000	3,387	(387)
-	505,399	(505,399)	198,052	632,980	(434,928)
-	-	-	164,196	169,741	(5,545)
-	-	-	2,000	1,152	848
-	-	-	700	91	609
-	-	-	25,000	11,759	13,241
-	-	-	20,000	16,122	3,878
-	-	-	-	1,390	(1,390)
-	-	-	100,000	103,700	(3,700)
-	-	-	5,200	4,720	480
-	-	-	140,000	98,475	41,525
-	-	-	3,500	3,491	9
-	-	-	1,500	2,365	(865)
-	-	-	4,000	4,263	(263)
-	-	-	466,096	417,269	48,827
1,000,000	644,642	355,358	1,000,000	644,642	355,358
1,000,000	215,436	784,564	1,000,000	215,436	784,564
2,000,000	860,078	1,139,922	2,000,000	860,078	1,139,922
7,013,392	-	7,013,392	8,110,880	-	8,110,880
9,013,392	1,439,957	7,573,435	10,966,080	2,169,468	8,796,612
(8,763,392)	(696,728)	8,066,664	(9,887,080)	(577,941)	9,309,139
8,763,392	8,569,346	(194,046)	9,887,080	9,667,839	(219,241)
$ -	$ 7,872,618	$ 7,872,618	$ -	$ 9,089,898	$ 9,089,898

Funds available is computed as follows:

Current assets	$ 9,897,525
Current liabilities	(807,627)
	$ 9,089,898

NIWOT SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2023

Revenue (budgetary basis)	$ 1,591,527
PERA OPEB income adjustment income	15,747
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position	1,607,274
Expenditures (budgetary basis)	2,169,468
Depreciation	307,084
Capital outlay	(860,078)
PERA Pension loss adjustment	27,111
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position	1,643,585
Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	$ (36,311)