

PARK CENTER WATER DISTRICT

**Financial Statements
With
Independent Auditors' Report**

**For the Year Ended
December 31, 2023**

Park Center Water District

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FINANCIAL SECTION

Park Center Water District

Management's Discussion and Analysis

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

DESCRIPTION OF FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION AND ACTIVITIES

HIGHLIGHTS

- **In 2023, total assets were \$2,486,567, an increase of \$15,623 from 2022.**
- **In 2023, revenues from water sales increased by \$22,955 over 2022.**

Condensed Financial Information

CONDENSED STATEMENT OF NET POSITION

	2023	2022
ASSETS		
Current and Other Assets	\$ 1,346,639	\$ 1,306,985
Capital Assets	1,095,841	1,179,582
Total Assets	2,442,480	2,486,567
DEFERRED OUTFLOWS	430,549	105,388
LIABILITIES		
Current Liabilities	34,515	52,372
Noncurrent Liabilities	865,706	487,720
Total Liabilities	900,221	540,092
DEFERRED INFOWS	274,803	396,713
NET POSITION		
Net Investment in Capital Assets	664,934	697,276
Restricted	94,539	89,732
Unrestricted	938,531	868,142
Total Net Position	\$ 1,698,004	\$ 1,655,150

CONDENSED STATEMENT OF ACTIVITIES

	2023	2022
OPERATING REVENUES		
Utility Charges	\$ 1,114,031	\$ 1,091,076
Other Charges for Services	<u>23,446</u>	<u>30,778</u>
Total Program Revenues	<u>1,137,477</u>	<u>1,121,854</u>
OPERATING EXPENSES		
Personnel Services	450,481	312,173
Commodity Charges	49,451	26,522
Administrative/ Office Expense	29,631	37,343
Insurance	26,556	23,816
Operating Supplies	275,590	238,112
Professional Fees	36,844	55,627
Repairs and Maintenance	118,251	132,226
Travel and Training	18,067	21,554
Telephone and Utilities	47,270	41,403
Other Operating Expenses	22,754	23,493
Depreciation Expense	92,039	95,849
Other Capital Outlay	<u>420</u>	<u>1,442</u>
Total Program Expenses	<u>1,167,354</u>	<u>1,009,560</u>
OTHER INCOME(EXPENSE)		
Tax Revenue	29,475	27,608
Investment Earnings	35,016	12,786
Interest Expense	(23,006)	(25,530)
Intergovernmental Revenue	<u>15,246</u>	<u>30,000</u>
Total Other Income (Expense)	<u>56,731</u>	<u>44,864</u>
Contributed Capital	<u>16,000</u>	<u>42,000</u>
CHANGE IN NET POSITION	42,854	199,158
Net Position, Beginning	<u>1,655,150</u>	<u>1,455,992</u>
NET POSITION, ENDING	<u>\$ 1,698,004</u>	<u>\$ 1,655,150</u>

BUDGETARY HIGHLIGHTS

Changes between the original adopted budget, which was completed in December 2022, and the final budget in 2023, were primarily due to a decrease in water sales due to lower than anticipated water use in the summer months, a rate increase in January of 2023, unexpected Grant Revenue, Interest Income and an increase in Water Tap Sales, also increases in Repairs and Maintenance and Chemical Supplies. Park Center has historically relied on surface waters originating from Pisgah Reservoir near Cripple Creek. Surface water was available during most of the summer, reducing Park Centers dependency on the Park Center well. Park Center leases well water from the Park Center Well owned by the Bureau of Land Management. The District has a long-term lease with the Bureau of Land Management for the Park Center well, BLM had an appraisal done on the well in 2016. BLM implemented the new rates of \$445 an acre foot as of November 2019. Treatment of the well water, due to its heavy mineralization, costs more than twice as much as treating surface water.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Changes in capital assets for the year ended on December 31, 2023 was as follows:

	12/31/22 Balance	Additions	Deletions	12/31/23 Balance
Capital assets not being depreciated				
Land	\$ 63,771	\$ -	\$ -	\$ 63,771
Water rights	631,044	-	-	631,044
Total capital assets not being depreciated	<u>694,815</u>	<u>-</u>	<u>-</u>	<u>694,815</u>
Capital assets being depreciated				
Building	98,429	-	-	98,429
Treatment plant	2,154,586	8,298	-	2,162,884
Distribution system	1,777,922	-	-	1,777,922
Equipment	161,411	-	-	161,411
Total capital assets being depreciated	<u>4,192,348</u>	<u>8,298</u>	<u>-</u>	<u>4,200,646</u>
Accumulated depreciation	<u>(3,707,581)</u>	<u>(92,039)</u>	<u>-</u>	<u>(3,799,620)</u>
Net capital assets being depreciated	<u>484,767</u>	<u>(83,741)</u>	<u>-</u>	<u>401,026</u>
Net capital assets	<u>\$ 1,179,582</u>	<u>\$ (83,741)</u>	<u>\$ -</u>	<u>\$ 1,095,841</u>

DEBT OUTSTANDING

The District's long-term debt consists of 3 loans with Rural Development (an agency of the U.S. Government). As of December 31, 2023 the balance due on these loans was approximately \$426,500. In January 2023, one of the loans was paid off. In 2022 the District entered into a capital lease arrangement for the purchase of a copier. The lease was for \$5,015 and requires 48 monthly payments of \$155 through 2026 at 5.00% interest. The District has capitalized assets with the remaining value of \$4,507 related to this lease.

	Balance 1/1/23	Payments	Balance 12/31/23	Due Within One Year
2022 Lease Obligation	\$ 6,106	\$ 1,599	\$ 4,507	\$ 1,678
USDA Revenue Bonds	476,200	49,800	426,400	32,500
Total Long-Term Obligations	<u>\$ 482,306</u>	<u>\$ 51,399</u>	<u>\$ 430,907</u>	<u>\$ 34,178</u>

ECONOMIC AND OTHER FACTORS

Water sales were below 100 million gallons. Continued economic growth in the area resulted in 3 water taps being sold. The District increased water rates for the first time since 2016. Water rates were increased \$0.50 on the top two tiers in January of 2023 and will increase by \$0.50 in January of 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

Mayberry & Company, LLC

Certified Public Accountants

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

Board of Directors
Park Center Water District
Cañon City, Colorado

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of Park Center Water District, as of and for the year ended December 31, 2023, and the related notes to the financial statements which collectively comprise Park Center Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Park Center Water District as of December 31, 2023, and the respective changes in financial position and cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

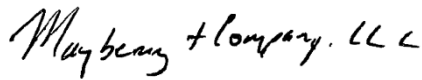
We have previously audited the Park Center Water District's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

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



Englewood, Colorado
December 2, 2024

Basic Financial Statements

PARK CENTER WATER DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2023

With Comparative Totals for December 31, 2022

	Total	
	2023	2022
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments		
Cash	\$ 322,686	\$ 211,090
Investments	617,507	697,298
Restricted Cash and Investments	94,539	89,732
Receivables		
Property Tax Receivable	28,480	26,700
Accounts Receivable	115,715	125,770
Inventory	125,633	118,344
Prepaid Expenses	42,079	38,051
Total Current Assets	<u>1,346,639</u>	<u>1,306,985</u>
Noncurrent Assets		
Capital Assets not being depreciated	694,815	694,815
Capital Assets being depreciated	4,200,646	4,192,348
Accumulated Depreciation	<u>(3,799,620)</u>	<u>(3,707,581)</u>
Total Noncurrent Assets	<u>1,095,841</u>	<u>1,179,582</u>
TOTAL ASSETS	<u>2,442,480</u>	<u>2,486,567</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES		
Net Deferred Outflows Pensions	422,761	100,306
Net Deferred Outflows OPEB	7,788	5,082
TOTAL DEFERRED OUTFLOWS	<u>430,549</u>	<u>105,388</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,873,029</u>	<u>\$ 2,591,955</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 23,910	\$ 41,142
Accrued Liabilities	6,510	5,371
Accrued Salaries and Benefits	2,340	3,370
Accrued Interest Payable	1,755	2,489
Total Current Liabilities	<u>34,515</u>	<u>52,372</u>
Noncurrent Liabilities		
Due within one year	34,178	51,299
Due in more than one year	831,528	436,421
Total Noncurrent Liabilities	<u>865,706</u>	<u>487,720</u>
TOTAL LIABILITIES	<u>900,221</u>	<u>540,092</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Net Deferred Inflows Pensions	232,784	355,659
Net Deferred Inflows OPEB	13,539	14,354
Other Deferred Inflows	28,480	26,700
TOTAL DEFERRED INFLOWS	<u>274,803</u>	<u>396,713</u>
NET POSITION		
Net Investment in Capital Assets	664,934	697,276
Restricted Net Position	94,539	89,732
Unrestricted Net Position	938,532	868,142
TOTAL NET POSITION	<u>1,698,005</u>	<u>1,655,150</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,873,029</u>	<u>\$ 2,591,955</u>

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

PARK CENTER WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Total	
	2023	2022
Operating Revenues		
Utility Charges	\$ 1,114,031	\$ 1,091,076
Other Charges for Services	23,446	30,778
Total Revenues	<u>1,137,477</u>	<u>1,121,854</u>
Operating Expenses		
Personnel Services	450,481	312,173
Commodity Charges	49,451	26,522
Administrative/Office Expenses	29,631	37,343
Insurance	26,556	23,816
Operating Supplies	275,590	238,112
Professional Fees	36,844	55,627
Repairs and Maintenance	118,251	132,226
Travel and Training	18,067	21,554
Telephone and Utilities	47,270	41,403
Other Operating Expenses	22,754	23,493
Depreciation Expense	92,038	95,849
Other Capital Outlay	420	1,442
Total Expenditures	<u>1,167,353</u>	<u>1,009,560</u>
Operating Income (Loss)	<u>(29,876)</u>	<u>112,294</u>
Other Income (Expense)		
Tax Revenue	29,475	27,608
Intergovernmental Revenue	15,246	30,000
Investment Earnings	35,016	12,786
Interest Expense	<u>(23,006)</u>	<u>(25,530)</u>
Total Other Income (Expense)	<u>56,731</u>	<u>44,864</u>
Net Income (Loss)	<u>26,855</u>	<u>157,158</u>
Contributed Capital		
Plant Investment Fees	10,000	30,000
Cash in Lieu of Fees	<u>6,000</u>	<u>12,000</u>
Total Contributed Capital	<u>16,000</u>	<u>42,000</u>
Change in Net Position	42,855	199,158
Net Position, Beginning	<u>1,655,150</u>	<u>1,455,992</u>
Net Position, Ending	<u>\$ 1,698,005</u>	<u>\$ 1,655,150</u>

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

PARK CENTER WATER DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	Total	
	2023	2022
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 1,149,312	\$ 1,123,537
Cash Paid to Suppliers	(652,243)	(592,299)
Cash Paid to or on behalf of Employees	(470,977)	(451,710)
Net Cash Provided by Operating Activities	<u>26,092</u>	<u>79,528</u>
Cash Flows From Capital and Related Financing Activities:		
Tap Fees Received	16,000	42,000
Debt Principal Payments	(51,399)	(41,324)
Grant Proceeds	15,246	30,000
Interest Payments	(23,740)	(26,101)
Proceeds of Capital Asset Sales	-	(5,042)
Acquisition of Capital Assets	(8,298)	(38,520)
Cash Flows Used by Capital and Related Financing Activities	<u>(52,191)</u>	<u>(38,987)</u>
Cash Flows (Uses) From Noncapital Financing Activities:		
Tax Revenue	<u>27,695</u>	<u>25,877</u>
Cash Flows (Uses) From Investing Activities:		
Interest Received	<u>35,016</u>	<u>12,786</u>
Net Increase (Decrease) in Cash	36,612	79,204
Cash - Beginning	998,120	918,916
Cash - Ending	<u>\$ 1,034,732</u>	<u>\$ 998,120</u>
Cash	\$ 322,686	\$ 211,090
Investments	617,507	697,298
Restricted Cash and Investments	<u>94,539</u>	<u>89,732</u>
Total	<u>\$ 1,034,732</u>	<u>\$ 998,120</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:		
Operating Income (Loss)	\$ (29,876)	\$ 112,294
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Expense	92,038	95,849
Changes in Assets and Liabilities Related to Operations:		
(Increase) Decrease in:		
Accounts Receivable	10,055	(48)
Inventory	(7,289)	(32,168)
Prepaid Expenses	(4,027)	13,621
Pension and OPEB Deferred Outflows	(325,161)	91,217
(Increase) Decrease in:		
Accounts Payable	(17,232)	27,655
Accrued Liabilities	1,139	131
Accrued Salaries and Benefits	(1,030)	528
Accrued Compensated Absences	1,682	(6,628)
Pension and OPEB Deferred Inflows	(123,690)	34,899
Pension and OPEB Liability	427,703	(259,553)
Other Deferred Inflows	<u>1,780</u>	<u>1,731</u>
Total Adjustments	<u>55,968</u>	<u>(32,766)</u>
Net Cash Used for Operating Activities	<u>\$ 26,092</u>	<u>\$ 79,528</u>

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

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Fund Accounting

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

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

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

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

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

Encumbrances

The District does not utilize encumbrance accounting.

Cash and Equivalents

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

Investments

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

Receivables

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

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

Accumulated Unpaid Leave (Compensated Absences)

The District permits an employee to carry over unused vacation pay to the next calendar year, up to 240 hours without board approval. The District also allows the accumulation of up to 60 days of sick leave. The accumulated vacation balance as of December 31, 2023 was \$36,074.

Long-Term Obligations

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

Deferred Outflows and Inflows of Resources

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

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows related to pension and OPEB liabilities as further described in Note 5 and Note 7 as well as for taxes levied in 2023 to be collected in 2024.

Net Position

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

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

Net Position Flow Assumptions

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

Property Taxes

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

Use of Estimates

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

**PARK CENTER WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data

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

NOTE 2: CASH AND INVESTMENTS

The District’s cash and investment balances as of the year ended December 31, 2023 are as follows:

Cash	\$ 322,686
Investments	<u>712,046</u>
Total Cash and Investments	<u>\$ 1,034,732</u>

This balance is comprised of:

Cash and Investments	\$ 940,193
Restricted Cash and Investments	<u>94,539</u>
Total Cash and Investments	<u>\$ 1,034,732</u>

DEPOSITS

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2023, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2: CASH AND INVESTMENTS (Continued)

At December 31, 2023 the District's deposits are categorized as follows:

	<u>Balance</u>	<u>Balance</u>
FDIC Insured	<u>\$ 326,552</u>	<u>\$ 322,686</u>

INVESTMENTS

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

Credit Risk

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

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

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

Concentration of Credit Risk

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

Interest Rate Risk

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

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2023, the District did not have any investments requiring safekeeping.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS(Continued)

Investments Held

During the year ended December 31, 2023, the District invested funds in the Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by Standard and Poor's.

The Colotrust investment consists of the following:

	<u>Fair Value</u>	<u>Weighted Maturity</u>	<u>Rating</u>
Local Government Pool (Colotrust)	\$ 617,507	-	AAAM
Local Government Pool (Colotrust) - Restricted	<u>94,539</u>	-	AAAM
Total Investments	<u>\$ 712,046</u>		

RESTRICTED CASH AND INVESTMENTS

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

NOTE 3: CAPITAL ASSETS

Changes in capital assets for the year ended December 31, 2023 was as follows:

	<u>12/31/22 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/23 Balance</u>
Capital assets not being depreciated				
Land	\$ 63,771	\$ -	\$ -	\$ 63,771
Water rights	<u>631,044</u>	-	-	<u>631,044</u>
Total capital assets not being depreciated	<u>694,815</u>	-	-	<u>694,815</u>
Capital assets being depreciated				
Building	98,429	-	-	98,429
Treatment plant	2,154,586	8,298	-	2,162,884
Distribution system	1,777,922	-	-	1,777,922
Equipment	<u>161,411</u>	-	-	<u>161,411</u>
Total capital assets being depreciated	4,192,348	8,298	-	4,200,646
Accumulated depreciation	<u>(3,707,581)</u>	<u>(92,039)</u>	-	<u>(3,799,620)</u>
Net capital assets being depreciated	<u>484,767</u>	<u>(83,741)</u>	-	<u>401,026</u>
Net capital assets	<u>\$ 1,179,582</u>	<u>\$ (83,741)</u>	<u>\$ -</u>	<u>\$ 1,095,841</u>

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4: LONG-TERM OBLIGATIONS

The following is a schedule of changes in debt for the year ended December 31, 2023:

	<u>Balance 1/1/23</u>	<u>Payments</u>	<u>Balance 12/31/23</u>	<u>Due Within One Year</u>
2022 Lease Obligation	\$ 6,106	\$ 1,599	\$ 4,507	\$ 1,678
USDA Revenue Bonds	476,200	49,800	426,400	32,500
Total Long-Term Obligations	\$ 482,306	\$ 51,399	\$ 430,907	\$ 34,178

Capital Lease

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

In 2022 the District entered into a capital lease arrangement for the purchase of a copier. The lease was for \$6,750 and requires 48 monthly payments of \$155 through 2026 at an estimated 4.85% interest rate. The District has capitalized assets with the remaining value of \$4,725 related to this lease. In the event of a default the lessor may require the return of leased equipment, all past due amounts and, all remaining payments for the unexpired term, plus lessors booked residual discounted at 3% per annum. Lessor may repossess the leased equipment and use all other legal remedies available with the lessee liable to pay all costs and expenses incurred in any dispute related to this agreement.

Future minimum lease payments under capital lease are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,678	\$ 182	\$ 1,860
2025	1,762	98	1,860
2026	1,068	17	1,085
Total	\$ 4,507	\$ 298	\$ 4,805

Bonds Payable

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

The District has issued Water Revenue Bonds, Series 1993 in the principal amount of \$735,000 to pay for construction of a new treatment plant. The annual interest rate of this issue is 5.125%. Principal and interest are payable on June 1 and December 1 of each year through 2033. At December 31, 2023, the balance on these bonds is \$351,800.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4: LONG-TERM OBLIGATIONS (Continued)

Bonds Payable (Continued)

The District has issued Water Revenue Bonds, Series 1994 in the principal amount of \$160,000 to pay for construction of a new treatment plant. The annual interest rate of this issue is 5.00%. Principal and interest are payable on June 1 and December 1 of each year through 2034. At December 31, 2023, the balance on these bonds is \$74,700.

Debt payments to maturity on these bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 32,500	\$ 21,487	\$ 53,987
2025	34,200	19,807	54,007
2026	36,200	18,036	54,236
2027	38,200	16,163	54,363
2028	40,400	14,186	54,586
2029-2033	239,300	37,163	276,463
2034	5,600	303	5,903
Total	\$ 426,400	\$ 127,145	\$ 553,545

NOTE 5: PENSION PLANS

DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 2022. 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.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5: PENSION PLANS (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

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.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5: PENSION PLANS (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of December 31, 2022: Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of January 1, 2023 through December 31, 2023. The employer contribution requirements during the period of January 1, 2021 through December 31, 2022 are summarized in the table below:

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through Dec 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. 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. 24-51-411	2.20%	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	1.50%	1.50%	1.50%
Defined contribution supplement as specified in C.R.S. 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 in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$43,346 for the year ended December 31, 2023.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5: PENSION PLANS (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

At December 31, 2023, the District reported a liability of \$394,331 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total pension liability to December 31, 2022. The District proportion of the net pension liability was based on the District contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2022, the District proportion was 0.03933 percent, which was a decrease of 0.00067 from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized pension expense of \$28,757. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ (1,968)
Changes of assumptions or other inputs	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 377,303	\$ (226,085)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (4,731)
Contributions subsequent to the measurement date	\$ 45,458	\$ -
Total	\$ 422,761	\$ (232,784)

\$45,458 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5: PENSION PLANS (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended December 31:	Fiscal year Total
2024	\$ (28,030)
2025	19,900
2026	58,324
2027	94,325
Total	\$ 144,519

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

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.20-11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	1.00% compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

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

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

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5: PENSION PLANS (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

The actuarial assumptions used in the December 31, 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 every four to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

**PARK CENTER WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023**

NOTE 5: PENSION PLANS (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2022 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.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5: PENSION PLANS (Continued)

DEFINED BENEFIT PENSION PLAN (Continued)

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

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (661,982)	\$ (394,331)	\$ (170,262)

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

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6: DEFINED CONTRIBUTION PENSION PROGRAMS

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees have the option of contributing pre or post-tax dollars.

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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.

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

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 \$3,282 for the year ended December 31, 2023.

At December 31, 2023, the District reported a liability of \$25,889 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District proportion was 0.00317%, which was an increase of 0.00006% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized OPEB expense of \$995. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 4	\$ (6,282)
Net difference between projected and actual earnings on pension plan investments	\$ 2,840	\$ (1,257)
Changes of assumptions or other inputs	\$ 419	\$ (2,882)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 1,152	\$ (3,118)
Contributions subsequent to the measurement date	\$ 3,373	\$ -
Total	\$ 7,788	\$ (13,539)

\$3,373 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 Ended December 31:	Fiscal Year Totals
2024	\$ (3,391)
2025	(3,449)
2026	(1,238)
2027	(314)
2028	(606)
2029	(126)
Total	\$ (9,124)

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

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.20-11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates (PERA benefit structure):	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

The TOL 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 (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health 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	1.4%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Sample Age	MAPD PPO #1 with Medicare Part A Retiree/Spouse		MAPD PPO #1 with Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female
65	\$ 1,704	\$ 1,450	\$ 6,514	\$ 5,542
70	1,976	1,561	7,553	5,966
75	2,128	1,681	8,134	6,425

Sample Age	MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD PPO #2 with Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female
65	\$ 583	\$ 496	\$ 4,227	\$ 3,596
70	676	534	4,901	3,872
75	728	575	5,278	4,169

Sample Age	MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female
65	\$ 1,923	\$ 1,634	\$ 6,752	\$ 5,739
70	2,229	1,761	7,826	6,185
75	2,401	1,896	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 TOL are summarized in the table below:

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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

Post-retirement non-disabled mortality assumptions for 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.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

- Males: 97% 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 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.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

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.

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared 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%	

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

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare Part A 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%
Proportionate share of the net OPEB asset (liability)	\$ (25,156)	\$ (25,889)	\$ (26,686)

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (30,013)	\$ (25,889)	\$ (22,362)

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

NOTE 8: FUND BALANCE RESERVATIONS/APPROPRIATIONS

Emergency Reserve

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

The District's financial activity for the year ended December 31, 2023 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2023, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

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

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

NOTE 9: RISK MANAGEMENT

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

**PARK CENTER WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10: COMMITMENTS AND CONTINGENCIES

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

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

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

PARK CENTER WATER DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan**

<u>Fiscal Year</u>	<u>District's proportion of the net pension asset (liability)</u>	<u>District's proportionate share of the net pension asset (liability)</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
12/31/2023	0.039332%	\$ (394,331)	\$ 341,845	115.35%	82.99%
12/31/2022	0.040003%	\$ 34,298	\$ 309,866	11.07%	101.49%
12/31/2021	0.042458%	\$ (221,258)	\$ 305,647	72.39%	90.88%
12/31/2020	0.041678%	\$ (307,331)	\$ 287,019	107.08%	86.26%
12/31/2019	0.046815%	\$ (588,567)	\$ 307,058	191.68%	75.96%
12/31/2018	0.045471%	\$ (506,283)	\$ 286,845	176.50%	79.37%
12/31/2017	0.045580%	\$ (615,488)	\$ 278,399	221.08%	73.65%
12/31/2016	0.045878%	\$ (505,380)	\$ 260,552	193.97%	76.87%
12/31/2015	0.047128%	\$ (422,413)	\$ 258,241	163.57%	80.72%
12/31/2014	0.053427%	\$ (439,666)	\$ 285,039	154.25%	81.00%

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

See the accompanying Independent Auditors' Report.

PARK CENTER WATER DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Pension Plan**

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
12/31/2023	\$ 43,346	\$ 43,346	\$ -	\$ 341,845	12.68%
12/31/2022	\$ 39,291	\$ 39,291	\$ -	\$ 309,866	12.68%
12/31/2021	\$ 38,756	\$ 38,756	\$ -	\$ 305,647	12.68%
12/31/2020	\$ 36,394	\$ 36,394	\$ -	\$ 287,019	12.68%
12/31/2019	\$ 38,935	\$ 38,935	\$ -	\$ 307,058	12.68%
12/31/2018	\$ 36,372	\$ 36,372	\$ -	\$ 286,845	12.68%
12/31/2017	\$ 35,301	\$ 35,301	\$ -	\$ 278,399	12.68%
12/31/2016	\$ 33,038	\$ 33,038	\$ -	\$ 260,552	12.68%
12/31/2015	\$ 32,745	\$ 32,745	\$ -	\$ 258,241	12.68%
12/31/2014	\$ 36,143	\$ 36,143	\$ -	\$ 285,039	12.68%

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

See the accompanying Independent Auditors' Report.

PARK CENTER WATER DISTRICT

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

<u>Fiscal Year</u>	<u>District's proportion of the net OPEB asset (liability)</u>	<u>District's proportionate share of the net OPEB asset (liability)</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
12/31/2023	0.0031708%	\$ (25,889)	\$ 321,765	8.05%	38.57%
12/31/2022	0.0031097%	\$ (26,815)	\$ 297,647	9.01%	39.40%
12/31/2021	0.0032426%	\$ (30,812)	\$ 299,902	10.27%	32.78%
12/31/2020	0.0031921%	\$ (35,879)	\$ 287,059	12.50%	24.49%
12/31/2019	0.0036305%	\$ (48,660)	\$ 307,059	15.85%	17.03%
12/31/2018	0.0035333%	\$ (45,918)	\$ 286,863	16.01%	17.53%
12/31/2017	0.0034993%	\$ (45,370)	\$ 276,275	16.42%	16.70%

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

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

See the accompanying Independent Auditors' Report.

PARK CENTER WATER DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

Fiscal Year	Contractually required contributions	Actual contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
12/31/2023	\$ 3,282	\$ 3,282	\$ -	\$ 321,765	1.02%
12/31/2022	\$ 3,036	\$ 3,036	\$ -	\$ 297,647	1.02%
12/31/2021	\$ 3,059	\$ 3,059	\$ -	\$ 299,902	1.02%
12/31/2020	\$ 2,928	\$ 2,928	\$ -	\$ 287,059	1.02%
12/31/2019	\$ 3,132	\$ 3,132	\$ -	\$ 307,059	1.02%
12/31/2018	\$ 2,926	\$ 2,926	\$ -	\$ 286,863	1.02%
12/31/2017	\$ 2,818	\$ 2,818	\$ -	\$ 276,275	1.02%

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

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

See the accompanying Independent Auditors' Report.

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Other Supplementary Information

PARK CENTER WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL

Water Fund

FOR THE YEAR ENDED DECEMBER 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	2023		Variance with Final Budget	2022	
	Final Budget	Actual		Budget	Actual
Operating Revenues					
Utility Charges	\$ 1,130,000	\$ 1,114,031	\$ (15,969)	\$ 1,091,076	
Other Charges for Services	<u>2,750</u>	<u>23,446</u>	<u>20,696</u>	<u>30,778</u>	
Total Revenues	<u>1,132,750</u>	<u>1,137,477</u>	<u>4,727</u>	<u>1,121,854</u>	
Operating Expenses					
Personnel Services	479,800	450,481	29,319	312,173	
Commodity Charges	56,500	49,451	7,049	26,522	
Administrative/Office Expenses	31,900	29,631	2,269	37,343	
Insurance	27,000	26,556	444	23,816	
Operating Supplies	260,000	275,590	(15,590)	238,112	
Professional Fees	37,300	36,844	456	55,627	
Repairs and Maintenance	134,000	118,251	15,749	132,226	
Travel and Training	19,000	18,067	933	21,554	
Telephone and Utilities	49,000	47,270	1,730	41,403	
Other Operating Expenses	24,400	22,754	1,646	23,493	
Other Capital Outlay	<u>450</u>	<u>8,718</u>	<u>(8,268)</u>	<u>45,004</u>	
Total Expenditures	<u>1,119,350</u>	<u>1,083,613</u>	<u>35,737</u>	<u>957,273</u>	
Operating Income (Loss)	<u>13,400</u>	<u>53,864</u>	<u>40,464</u>	<u>164,581</u>	
Other Income (Expense)					
Tax Revenue	30,000	29,475	(525)	27,608	
Intergovernmental Revenue	30,000	15,246	(14,754)	30,000	
Investment Earnings	35,000	35,016	16	12,786	
Debt Service	<u>(74,000)</u>	<u>(74,405)</u>	<u>(405)</u>	<u>(66,855)</u>	
Total Other Income (Expense)	<u>21,000</u>	<u>5,332</u>	<u>(15,668)</u>	<u>3,539</u>	
Net Income (Loss), Budget Basis	<u>34,400</u>	<u>59,196</u>	<u>24,796</u>	<u>168,120</u>	
Contributed Capital					
Plant Investment Fees	10,000	10,000	-	30,000	
Cash in Lieu of Fees	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>12,000</u>	
Total Contributed Capital	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>42,000</u>	
Change in Net Position (Budget Basis)	<u>\$ 50,400</u>	<u>75,196</u>	<u>\$ 24,796</u>	<u>210,120</u>	
Budget to GAAP Reconciliation					
Principal Paid		51,399		41,325	
Depreciation Expense		(92,038)		(95,849)	
Capital Outlay		<u>8,298</u>		<u>43,562</u>	
Change in Net Position - GAAP Basis		42,855		199,158	
Net Position, Beginning		<u>1,655,150</u>		<u>1,455,992</u>	
Net Position, Ending		<u>\$ 1,698,005</u>		<u>\$ 1,655,150</u>	

See accompanying Independent Auditors' Report.