

**MOUNTAIN WATER AND SANITATION DISTRICT
Conifer, CO**

**FINANCIAL STATEMENTS
December 31, 2023 and 2022**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mountain Water and Sanitation District

Opinions

We have audited the accompanying financial statements of Mountain Water and Sanitation District as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Mountain Water and Sanitation 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 Mountain Water and Sanitation District as of December 31, 2023 and 2022, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mountain Water and Sanitation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of 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 opinion. 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, including omissions, 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.

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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 a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mountain Water and Sanitation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Water and Sanitation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Net Pension Liability – PERA, Schedule of Pension Contributions – PERA, Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA, Schedule of OPEB Contributions – PERA, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Mountain Water and Sanitation District's basic financial statements. The budgetary comparison schedule – Non-GAAP basis, as listed in the table of contents, 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 Budgetary Comparison Schedule – Non-GAAP Basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Fort Collins, Colorado
March 28, 2024

Management's Discussion and Analysis

Mountain Water & Sanitation District

***12365 US Highway 285
Conifer, Colorado 80433***

Management's Discussion and Analysis

Introduction:

The Mountain Water & Sanitation District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District; (b) an overview of the District's financial activities; (c) an explanation of the changes in the District's financial position; (d) an explanatory analysis of the variations of the annual, approved budget; and, (e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on the 2023 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 7.

Overview of the Financial Statements of the District:

The audited financial statements of the District are:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

These statements are on pages 7 through 20. These and the Supplementary Information, on page 26 through 29 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in assets (net position). Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining the status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses and Non-Operating Revenues and Expenses – of the District's annual operating activities and how those activities affected net position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule of Revenues and Expenditures** provides information comparing budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, this will include a comparison of the originally approved budget with the final amended budget.

Condensed Comparative Financial Information:

Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets			
Cash and cash equivalents	\$ 921,025	\$ 1,200,557	\$ 1,111,820
Other current assets	266,463	272,390	361,201
	<u>1,187,488</u>	<u>1,472,947</u>	<u>1,473,021</u>
Non Current Assets			
Capital assets – net	\$ 4,328,553	\$ 4,414,463	\$ 4,613,240
Other non current assets	45,762	72,689	46,111
Total Assets	<u>5,561,803</u>	<u>5,960,099</u>	<u>6,132,372</u>
Deferred Outflows of Resources	<u>197,765</u>	<u>57,478</u>	<u>85,930</u>
Current Liabilities	206,749	182,879	183,776
Long-Term Liabilities	1,534,458	1,346,053	1,659,396
Total Liabilities	<u>1,741,207</u>	<u>1,528,932</u>	<u>1,843,172</u>
Deferred Inflows of Resources	<u>182,211</u>	<u>517,054</u>	<u>482,494</u>
Net Position			
Net investment in capital assets	3,003,553	2,939,463	2,988,240
Restricted	120,391	148,023	120,491
Unrestricted	712,206	884,705	783,905
Total Net Position	<u>\$ 3,836,150</u>	<u>\$ 3,972,191</u>	<u>\$ 3,892,636</u>

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 629,937	\$ 613,442	\$ 610,428
Operating Expenses	1,105,911	934,113	889,985
Operating Income (Loss)	<u>(475,974)</u>	<u>(320,671)</u>	<u>(279,557)</u>
Non Operating Revenues (Expenses)	339,933	400,226	320,115
Change in Net Position	<u>(136,041)</u>	<u>79,555</u>	<u>40,558</u>
Net Position, Beginning of Year	<u>3,972,191</u>	<u>3,892,636</u>	<u>3,852,078</u>
Net Position, End of Year	<u>\$ 3,836,150</u>	<u>\$ 3,972,191</u>	<u>\$ 3,892,636</u>

Statement of Cash Flows

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash from (for) Operating Activities	\$ (256,232)	\$ (221,829)	\$ (126,860)
Cash from Non Capital Financing Activities	295,438	385,192	290,742
Cash from (for) Capital and Related Financing Activities	(283,233)	(170,009)	(147,042)
Cash from (for) Investing Activities	44,495	15,383	574
Increase (Decrease)	(199,532)	8,737	17,414
Cash and Cash Equivalents, Beginning of Year	1,120,557	1,111,820	1,094,406
Cash and Cash Equivalents, End of Year	\$ 921,025	\$ 1,120,557	\$ 1,111,820

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

Analysis of Financial Position and Operating Results:

Net position decreased in 2023 by \$136,041 to \$3,836,150 which is the result of the operating loss of \$475,974 less net non-operating revenues of \$339,933.

Unrestricted cash, cash equivalents, and investments of the District at December 31, 2023, totaled \$921,025, which represents approximately 17% of the District's total assets.

Capital Assets, net of accumulated depreciation, of the District at December 31, 2023, totaled \$4,328,553.

Operating income / (loss) for 2023, was (\$475,974) compared to (\$320,671) in 2022. The change was principally due to system operating costs for the year and changes in pension liabilities.

Net non-operating revenues for 2023 were less than in 2022, due to lower grants, and connection fees. For more information about these changes in net position and the operating activities, please review the accompanying audited financial statements beginning on page 7.

Analysis of Budgetary Comparison Schedule of Revenues and Expenditures:

Actual revenues in 2023 were \$349,003 lower than the original and final budgeted revenues for the District. This is principally due to lower than budgeted grants. The District's actual expenditures in 2023 were \$435,548 less than the original and final budgeted expenditures. This is principally due to lower than budgeted capital outlay. For more information about the budgeted and actual revenues and expenditures, please review the Budgetary Comparison Schedule of Revenues and Expenditures, as listed in the table of contents, in the accompanying audited financial statements.

Capital Asset and Long Term Debt Activity:

The 2023 budget authorized \$658,000 in capital spending. Actual capital spending in 2023 was \$135,233.

The District acquired no new long-term debt. The District has two notes that requires principal payments of \$150,000 per year, in aggregate, until the notes are retired and bears interest at a rate of 0%. For more information about the District's capital assets and long-term debt, please review pages 16 through 17 of the Notes to Financial Statements in the accompanying audited financial statements.

The District depreciates its capital assets. See Note 1 of Notes to Financial Statements – Summary of Significant Accounting Policies – Assets and Liabilities – Capital Assets and Note 4 of Notes to Financial Statements – Capital Assets.

Facts, Decisions, and Conditions That May Impact Future Financial Condition or Operating Results:

Ageing infrastructure is the only known condition that may impact future financial or operating results. Most of the District's water and wastewater mains were installed 40 to 50 years ago. The District's unrestricted cash reserves will not cover the cost of new mains. The District is utilizing strict controls to ensure that revenues exceed expenditures so that the unrestricted cash reserves will increase over the next several years. The District will also continue to apply for grant money to fund infrastructure projects. Property taxes are expected to remain consistent in the upcoming year. For more information contact Mountain Water and Sanitation District, 12365 US Hwy 285, Conifer, CO 80433.

Basic Financial Statements

Mountain Water and Sanitation District
Statement of Net Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 921,025	\$ 1,120,557
Accounts receivable-service charges	59,684	75,691
Taxes receivable - County Treasurer	1,711	1,711
Property taxes receivable	172,729	274,988
Prepaid expenses	32,339	-
Total Current Assets	1,187,488	1,472,947
Noncurrent Assets		
Pension asset - PERA	-	26,927
Investment in cooperatives	35,072	35,072
Decommissioning escrow account	10,690	10,690
	45,762	72,689
Capital assets		
Nondepreciable	274,564	239,388
Depreciable	8,138,683	8,050,626
Less: Accumulated depreciation	(4,084,694)	(3,875,551)
Net Capital Assets	4,328,553	4,414,463
Total Noncurrent Assets	4,374,315	4,487,152
Total Assets	5,561,803	5,960,099
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	186,305	49,198
Deferred Outflows - OPEB	11,460	8,280
Total Deferred Outflows of Resources	197,765	57,478
Liabilities		
Current Liabilities		
Accounts payable	28,863	15,472
Other accrued liabilities	27,886	16,807
Long-term debt, current portion	150,000	150,000
Total Current Liabilities	206,749	182,279
Noncurrent Liabilities		
Net pension liability	337,312	-
Net OPEB liability	22,146	21,053
Long-term debt, net of current portion	1,175,000	1,325,000
Total Long Term Liabilities	1,534,458	1,346,053
Total Liabilities	1,741,207	1,528,332
Deferred Inflows of Resources		
Deferred Inflows - Pensions	1,682	234,629
Deferred Inflows - OPEB	7,800	7,437
Deferred property taxes	172,729	274,988
Total Deferred Inflows of Resources	182,211	517,054
Net Position		
Net investment in capital assets	3,003,553	2,939,463
Restricted	120,391	148,023
Unrestricted	712,206	884,705
Total Net Position	\$ 3,836,150	\$ 3,972,191

The accompanying notes are an integral part of these financial statements

Mountain Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Service charges	\$ 616,591	\$ 601,415
Delinquent charges	8,257	9,322
Other revenue	5,089	2,705
Total Operating Revenues	629,937	613,442
Operating Expenses		
Wages and employee benefits	400,019	240,867
Depreciation	219,143	218,786
Water and wastewater system	325,005	340,645
General and administration	161,744	133,815
Total Operating Expenses	1,105,911	934,113
Operating Loss	(475,974)	(320,671)
Nonoperating Revenues (Expenses)		
Property taxes - operations	129,802	149,461
Property taxes - debt service	145,068	145,579
Specific ownership taxes	19,763	20,233
Grants	-	26,319
Investment income	44,495	15,034
Tap and capital improvement fees	-	43,500
Availability fees	4,932	4,529
County treasurer fees	(4,127)	(4,429)
Total Nonoperating Revenues (Expenses)	339,933	400,226
Change in Net Position	(136,041)	79,555
Net Position, beginning of year	3,972,191	3,892,636
Net Position, end of year	\$ 3,836,150	\$ 3,972,191

The accompanying notes are an integral part of these financial statements

Mountain Water and Sanitation District
Statement of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 645,944	\$ 598,058
Cash paid to suppliers	(589,991)	(555,174)
Cash paid to employees	(312,185)	(264,713)
	<u>(256,232)</u>	<u>(221,829)</u>
Cash Flows From Non-Capital Financing Activities		
Property taxes net of treasurer fees	270,743	290,611
Specific ownership taxes	19,763	20,233
Tap and capital improvement fees	-	43,500
Grant income	-	26,319
Availability fees received	4,932	4,529
Net cash provided by non-capital financing activities	<u>295,438</u>	<u>385,192</u>
Cash Flows From Capital And Related Financing Activities		
Acquisitions and construction of capital assets	(135,233)	(20,009)
Proceeds from sales of assets	2,000	-
Principal paid on loan	(150,000)	(150,000)
Net cash (used) by capital and related financing activities	<u>(283,233)</u>	<u>(170,009)</u>
Cash Flows From Investing Activities		
Investment income received	44,495	15,034
Change in investments in cooperatives	-	349
Net cash provided by investing activities	<u>44,495</u>	<u>15,383</u>
Net increase (decrease) in cash and cash equivalents	(199,532)	8,737
Cash and cash equivalents, beginning of year	1,120,557	1,111,820
Cash and cash equivalents, end of year	<u>\$ 921,025</u>	<u>\$ 1,120,557</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Loss	\$ (475,974)	\$ (320,671)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation	219,143	218,786
Change in pension related items	(5,815)	(105,562)
Change in OPEB related items	(1,724)	(1,359)
Changes in assets and liabilities		
Accounts receivable	16,007	(15,384)
Prepaid expenses	(32,339)	3,858
Accounts payable	13,391	(3,553)
Other accrued liabilities	11,079	2,056
Net Cash Provided (Used) by Operating Activities	<u>\$ (256,232)</u>	<u>\$ (221,829)</u>

The accompanying notes are an integral part of these financial statements

Mountain Water and Sanitation District
Notes to Financial Statements
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies

The Mountain Water and Sanitation District is a quasi-municipal corporation governed pursuant to provisions of the Colorado Special District Act. The District was established to provide water and sanitation services within its jurisdictional boundaries.

The financial statements of the Mountain Water and Sanitation District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District follows all pronouncement issued by the Governmental Accounting Standards Board (GASB) which is the authoritative body. The significant accounting policies are described below.

Financial Reporting Entity

In accordance with governmental accounting standards, the Mountain Water and Sanitation District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability.

The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

Basis of Presentation

Enterprise fund accounting is utilized by the District in accordance with accounting principles generally accepted in the United States of America.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis

Mountain Water and Sanitation District
Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies (Continued)
Basis of Accounting (continued)

section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

Property Taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

Allowance of Doubtful Accounts

No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the district originate from charges to the owners of the District, and the District has the ability to place liens on the property.

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed once a month on 30 day cycles.

Assets and Liabilities

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Mountain Water and Sanitation District
Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies (Continued)

Capital assets - assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is \$5,000. Depreciation over the estimated useful lives of the assets is computed using the straight-line method. The estimated useful lives are 50 years for water and wastewater lines, 50 years for disposal facilities, and 3 to 20 years for operating and office equipment.

Accrued vacation and sick pay - district employees accrue vacation and sick pay benefits based on tenure. The District recognizes the expense as they are incurred. Any vacation time that is not used by the end of the year is paid out by the District.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted net position – all other net position that does not meet the definition of “restricted” or net investment in capital assets.” These net position are available for future operations or distributions.

Deferred Outflows / Inflows of Resources

The District implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Cash Equivalents

For purposes of the statement of cash flows and the statement of net position, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The District considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Mountain Water and Sanitation District
Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

Note 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2023, and 2022, the District's cash deposits had a carrying balance of \$217,893 and \$261,661 a corresponding bank balance of \$227,212, and \$261,904, of which \$227,212 and \$250,000 was insured by the Federal Deposit Insurance Corporation, respectively.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The District had \$0 and \$11,904 assets collateralized under PDPA at December 31, 2023 or 2022, respectively.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2023, and 2022, none of the District's bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the World Bank, United States, and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States 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.

Mountain Water and Sanitation District
Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

Note 2 Cash and Investments (Continued)

At December 31, 2023 and 2022, the District had \$702,932 and \$858,696 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

A summary of cash and investments at December 31, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 200	\$ 200
Cash deposits	217,893	261,661
COLOTRUST	<u>702,932</u>	<u>858,696</u>
Total cash and cash equivalents	<u>\$ 921,025</u>	<u>\$ 1,120,557</u>

Note 3 Accounts Receivable

Accounts receivable balance at December 31, 2023 and 2022, was comprised of the following:

	<u>2023</u>	<u>2022</u>
Water and sewer charges	\$ 59,684	\$ 75,691
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 59,684</u>	<u>\$ 75,691</u>

Mountain Water and Sanitation District
Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

Note 4 Capital Assets

A summary of changes to capital assets for 2023 and 2022 is as follows:

	Balance at 12/31/2022	Additions	Deletions	Balance at 12/31/2023
Nondepreciable				
Land easements and water rights	\$ 239,388	\$ -	\$ -	\$ 239,388
Construction in progress	-	35,176	-	35,176
Total Nondepreciable	<u>239,388</u>	<u>35,176</u>	<u>-</u>	<u>274,564</u>
Depreciable				
Water facilities and lines	4,812,144	62,114	-	4,874,258
Sewer plant and lines	3,024,031	-	-	3,024,031
Buildings and improvements	127,642	-	-	127,642
Equipment	86,809	37,943	(12,000)	112,752
Total Depreciable	<u>8,050,626</u>	<u>100,057</u>	<u>(12,000)</u>	<u>8,138,683</u>
TOTAL	<u>8,290,014</u>	<u>135,233</u>	<u>(12,000)</u>	<u>8,413,247</u>
Less Accumulated Depreciation				
Water facilities and lines	(2,823,179)	(117,071)	-	(2,940,250)
Sewer plant and lines	(890,041)	(95,490)	-	(985,531)
Buildings and improvements	(89,189)	(984)	-	(90,173)
Equipment	(73,142)	(5,598)	10,000	(68,740)
Total Accumulated Depreciation	<u>(3,875,551)</u>	<u>(219,143)</u>	<u>10,000</u>	<u>(4,084,694)</u>
Net Capital Assets	<u>\$ 4,414,463</u>	<u>\$ (83,910)</u>	<u>\$ (2,000)</u>	<u>\$ 4,328,553</u>

	Balance at 12/31/2021	Additions	Deletions	Balance at 12/31/2022
Nondepreciable				
Land easements and water rights	\$ 239,388	\$ -	\$ -	\$ 239,388
Total Nondepreciable	<u>239,388</u>	<u>-</u>	<u>-</u>	<u>239,388</u>
Depreciable				
Water facilities and lines	4,812,144	-	-	4,812,144
Sewer plant and lines	3,024,031	-	-	3,024,031
Buildings and improvements	117,802	9,840	-	127,642
Equipment	76,640	10,169	-	86,809
Total Depreciable	<u>8,030,617</u>	<u>20,009</u>	<u>-</u>	<u>8,050,626</u>
TOTAL	<u>8,270,005</u>	<u>20,009</u>	<u>-</u>	<u>8,290,014</u>
Less Accumulated Depreciation				
Water facilities and lines	(2,702,585)	(120,594)	-	(2,823,179)
Sewer plant and lines	(795,567)	(94,474)	-	(890,041)
Buildings and improvements	(88,453)	(736)	-	(89,189)
Equipment	(70,160)	(2,982)	-	(73,142)
Total Accumulated Depreciation	<u>(3,656,765)</u>	<u>(218,786)</u>	<u>-</u>	<u>(3,875,551)</u>
Net Capital Assets	<u>\$ 4,613,240</u>	<u>\$ (198,777)</u>	<u>\$ -</u>	<u>\$ 4,414,463</u>

Mountain Water and Sanitation District
Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

Note 5 Long-term Debt

The District's long-term debt is as follows:

Drinking Water Revolving Fund Direct Loan – The District entered into a long term note with Colorado Water Resources and Power Development District on July 13, 2011 with a principal balance of \$1,000,000 and an interest rate of 0%. Payments in the amount of \$25,000 are due semi-annually through 2031. The note was secured by any and all moneys available to the District.

Water Pollution Control Revolving Fund Loan – The District entered into a long term note with Colorado Water Resources and Power Development District on November 19, 2012 with a principal balance of \$2,000,000 and an interest rate of 0%. Payments in the amount of \$50,000 are due semi-annually through 2032. The note was secured by any and all moneys available to the District.

Changes in Long-term Debt during 2023 and 2022 were as follows:

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023	Amounts Due Within One Year
Note Payable - CWRPDA	\$ 425,000	\$ -	\$ 50,000	\$ 375,000	\$ 50,000
Note Payable - CWRPDA	1,050,000	-	100,000	950,000	100,000
Total Long-term Debt	<u>\$ 1,475,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 1,325,000</u>	<u>\$ 150,000</u>

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amounts Due Within One Year
Note Payable - CWRPDA	\$ 475,000	\$ -	\$ 50,000	\$ 425,000	\$ 50,000
Note Payable - CWRPDA	1,150,000	-	100,000	1,050,000	100,000
Total Long-term Debt	<u>\$ 1,625,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 1,475,000</u>	<u>\$ 150,000</u>

Future debt service requirements are as follows:

Year ending December 31,	Principal	Interest	Total
2024	\$ 150,000	\$ -	\$ 150,000
2025	150,000	-	150,000
2026	150,000	-	150,000
2027	150,000	-	150,000
2028	150,000	-	150,000
2029-2032	575,000	-	575,000
Total	<u>\$ 1,325,000</u>	<u>\$ -</u>	<u>\$ 1,325,000</u>

Mountain Water and Sanitation District
Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

Note 6 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. The District has created a Water and Wastewater statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution. In 2014 the District's voters approved a ballot issue that exempts the District from Revenue limitations.

Note 7 Defined Benefit Pension Plan
Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the LGDTF-a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) 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. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714. The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

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

Mountain Water and Sanitation District
Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

Note 7 Defined Benefit Pension Plan (Continued)

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

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

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

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

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

Contributions provisions as of December 31, 2023 Eligible employees of, The District and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of April 1, 2022 through December 31, 2023 are summarized in the table below:

**Mountain Water and Sanitation District
Notes to the Financial Statements (Continued)
December 31, 2023 and 2022**

Note 7 Defined Benefit Pension Plan (Continued)

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023	July 1, 2023 Through December 31, 2023
Employee contribution (all employees other than State Troopers)	8.50%	8.50%	8.50%	9.00%

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

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023	July 1, 2023 Through December 31, 2023
Employer contribution rate	10.50%	10.50%	10.50%	11%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(D)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.48%	9.48%	9.48%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%	0.02%	0.03%	0.03%
Total employer contribution rate to the LGDTF	13.20%	13.20%	13.21%	13.71%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and The District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from The District were \$40,584 for the year ended December 31, 2023.

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

**Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021**

Note 7 Defined Benefit Pension Plan (Continued)

At December 31, 2023, The District reported a liability of \$337,312 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 (TPL) 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 TPL to December 31, 2022. The District's proportion of the net pension liability was based on The District's contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers.

At December 31, 2022, the District's proportion was .0336449132%, which was an increase of .0022383414% from its proportion measured as of December 31, 2021. For the year ended December 31, 2023, The District recognized pension income of \$5,815. 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 of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$0	\$0
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments	137,707	1,682
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,014	0
Contributions subsequent to the measurement date	40,584	<i>N/A</i>
Total	\$186,305	\$1,682

\$40,584 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:

Year ended December 31	
2024	\$(8,493)
2024	21,864
2025	50,407
2026	80,261
2027	0
Thereafter	\$0

**Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021**

Note 7 Defined Benefit Pension Plan (Continued)

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 increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
State Troopers	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation Discount rate	7.25%
	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

The TPL as of December 31, 2022, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2021 AAP assessment, statutorily recognized July 1, 2022, and effective July 1, 2023.

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

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

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

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

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

Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

Note 7 Defined Benefit Pension Plan (Continued)

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2021 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, 2021, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2021.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2021. 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:

**Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021**

Note 7 Defined Benefit Pension Plan (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%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2021 AAP assessment, statutorily recognized July 1, 2022, and effective July 1, 2023. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2021 AAP assessment, statutorily recognized July 1, 2022, and effective July 1, 2023. 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.

**Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021**

Note 7 Defined Benefit Pension Plan (Continued)

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2021 AAP assessment, statutorily recognized July 1, 2022, and effective July 1, 2023.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$566,261	\$337,312	\$145,643

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

Defined Contribution Pension Plans

Voluntary Investment Program

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

**Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021**

Note 7 Defined Benefit Pension Plan (Continued)

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Mountain Water and Sanitation District has agreed to match employee contributions up to XX percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2023 program members contributed \$0 and Mountain Water and Sanitation District recognized pension expense and a liability of \$0 and \$0, respectively, for the Voluntary Investment Program.

Defined Contribution Retirement Plan (DC Plan)

Plan Description – Employees of the LGDTF that were hired on or after January 1, 2019 which were eligible to participate in the LGDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the LGDTF or the Defined Contribution Retirement Plan (PERA DC Plan). The PERA DC Plan is an Internal Revenue

Note 8 Other Post Employment Benefits (OPEB)

Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the District to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA’s Annual Report as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and Mountain Water and Sanitation District are required to contribute a percentage of the participating employees’

PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period are summarized in the tables below:

	January 1, 2022 Through	July 1, 2022 Through December 31,	January 1, 2023 Through	July 1, 2023 Through December 31,
Employee Contribution				
Employee contribution (all employees other than State Troopers)	8.00%	8.50%	8.50%	8.50%
State Troopers	10.75%	12.00%	12.00%	12.50%
Employer Contribution Rates:				
On behalf of all employees other	10.00%	10.00%	10.00%	10.00%
State Troopers	12.85%	12.85%	12.85%	12.85%

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

Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

Note 8 Other Post Employment Benefits (OPEB) (Continued)

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

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

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a

Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

Note 8 Other Post Employment Benefits (OPEB) (Continued)

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.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and The District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from The District were \$3,184 for the year ended December 31, 2023.

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

At December 31, 2023, The District reported a liability of \$22,146 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 The 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's proportion was .0027123249%, which was an increase of .000003397605 percent from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, The District recognized OPEB income of \$1,724. At December 31, 2023, The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

Note 8 Other Post Employment Benefits (OPEB) (Continued)

	<u>Deferred</u> <u>Outflows</u> of <u>Resources</u>	<u>Deferred</u> <u>Inflows</u> of <u>Resources</u>
Difference between expected and actual experience	\$3	\$5,356
Changes of assumptions or other inputs	356	2,444
Net difference between projected and actual earnings on OPEB plan investments	1,353	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,564	0
Contributions subsequent to the measurement date	3,184	N/A
Total	\$11,460	\$7,800

\$3,184 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, 2023:	
2024	(\$151)
2024	(338)
2025	220
2026	649
2027	76
Thereafter	\$20

Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

Note 8 Other Post Employment Benefits (OPEB) (Continued)

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age			
Price inflation	2.30%			
Real wage growth	0.70%			
Wage inflation	3.00%			
Salary increases, including wage inflation				
Members other than State Troopers	3.30%- 10.90%	3.40%- 11.00%	3.20%- 11.30%	2.80%- 5.30%
State Troopers	3.20%- 12.40%	N/A	3.20%- 12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%			
Discount rate	7.25%			
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	4.50% in 2022, 6.00% in 2023 gradually decreasing to 4.50% in 2029			
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029			
DPS benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	N/A			
Medicare Part A premiums	N/A			

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

**Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021**

Note 8 Other Post Employment Benefits (OPEB) (Continued)

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2021, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2022 for the PERA Benefit Structure:

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

The 2022 Medicare Part A premium is \$471 (actual dollars) per month. All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project 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:

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

Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

Note 8 Other Post Employment Benefits (OPEB) (Continued)

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 using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

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

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

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

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

Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

Note 8 Other Post Employment Benefits (OPEB) (Continued)

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2022 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2021 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, 2021, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2021.

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:

**Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021**

Note 8 Other Post Employment Benefits (OPEB) (Continued)

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$25,673	\$22,146	\$19,128

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.

**Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021**

Note 8 Other Post Employment Benefits (OPEB) (Continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	\$25,673	\$22,146	\$19,128

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 employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. The District's settled claims have not exceeded its insurance coverage in any of the last three years.

Mountain Water and Sanitation District
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

Note 10 Restricted Net position

The District has established an emergency reserve of \$8,839 and \$9,458 as of December 31, 2023 and 2022, respectively, to comply with Article X, Section 20 of the Colorado Constitution. The District has restricted a portion of property taxes collected and availability fees collected for the use of debt service in the amount of \$111,552 and \$111,638 as of December 31, 2023 and 2022, respectively. The District has reserved \$0 and \$26,927 for the net pension asset at December 31, 2023 and 2022, respectively.

Note 11 Reclassifications and Subsequent Events

Certain items have been reclassified from the previous year to conform with the presentation of the current year's financial statements.

Required Supplementary Information

Mountain Water and Sanitation District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability - PERA
Last 10 Fiscal Years *

	Measurement Date For the Year Ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.0336449132%	0.0314065718%	0.0310579188%	0.0320364805%	0.0280052240%	0.0263608007%	0.0258042680%	0.0315356555%	0.0322882804%	0.0355438113%
District's proportional share of the net pension liability (asset) as a percentage of covered payroll	\$ 337,312	\$ (26,927)	\$ 161,851	\$ 234,312	\$ 355,798	\$ 293,509	\$ 348,446	\$ 347,391	\$ 289,403	\$ 292,497
District's covered payroll	275,238	233,692	219,614	220,617	185,621	161,235	165,164	169,735	176,924	186,380
Total pension liability	5,895,159,000	5,758,380,000	5,715,765,000	5,324,353,000	5,228,602,000	5,396,516,000	5,123,847,000	4,762,090,000	4,647,777,000	4,517,239,000
Plan fiduciary net position	4,892,596,000	5,844,117,000	5,194,638,000	4,592,962,000	3,971,389,000	4,283,086,000	3,773,506,000	3,660,509,000	3,751,468,000	3,508,312,000
Net pension liability	<u>\$ 1,002,563,000</u>	<u>\$ (85,737,000)</u>	<u>\$ 521,127,000</u>	<u>\$ 731,391,000</u>	<u>\$ 1,257,213,000</u>	<u>\$ 1,113,430,000</u>	<u>\$ 1,350,341,000</u>	<u>\$ 1,101,581,000</u>	<u>\$ 896,309,000</u>	<u>\$ 1,008,927,000</u>
Plan fiduciary net position as a percentage of the total pension liability	83%	101%	91%	86%	76%	79%	74%	77%	81%	78%
Net Pension liability as a percentage of covered payroll	123%	-12%	74%	106%	192%	182%	211%	205%	164%	157%

* This report is intended to show 10 years of data. Additional years will be presented after the information becomes available until 10 years are shown.

**Mountain Water and Sanitation District
Required Supplementary Information
Schedule of Pension Contributions - PERA
Last 10 Fiscal Years**

	Measurement Date For the Year Ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily Required Contribution	37,079	30,847	28,350	27,974	23,537	22,166	20,445	20,943	21,523	22,434
Contributions in Relation to the Statutorily Required Contribution	37,079	30,847	28,350	27,974	23,537	22,166	20,445	20,943	21,523	22,434
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Payroll	275,238	233,692	219,614	220,617	185,621	174,821	161,235	165,164	169,735	176,924
Contributions as a % of Covered Payroll	13.47%	13.20%	12.91%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

See the accompanying Independent Auditor's report

Mountain Water and Sanitation District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability - PERA
Last 10 Fiscal Years *

	Measurement Date For the Year Ended December 31,						
	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability	0.0027123249%	0.0024414557%	0.0023725644%	0.0024536020%	0.0021947107%	0.0020483560%	0.0019808251%
District's proportional share of the net OPEB liability (asset)	\$ 22,146	\$ 21,053	\$ 22,545	\$ 27,578	\$ 29,860	\$ 26,620	\$ 25,682
District's covered payroll	275,238	233,692	219,614	220,617	185,621	161,235	165,164
Total OPEB liability	1,329,183,000	1,423,054,000	1,413,526,000	1,488,508,000	1,639,734,000	1,575,822,000	1,556,762,000
Plan fiduciary net position	512,704,000	560,749,000	463,301,000	364,510,000	279,192,000	276,222,000	260,228,000
Net OPEB liability	<u>\$ 816,479,000</u>	<u>\$ 862,305,000</u>	<u>\$ 950,225,000</u>	<u>\$ 1,123,998,000</u>	<u>\$ 1,360,542,000</u>	<u>\$ 1,299,600,000</u>	<u>\$ 1,296,534,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	39%	39%	33%	24%	17%	18%	17%
Net OPEB liability as a percentage of covered payroll	8%	9%	10%	13%	16%	17%	16%

* This report is intended to show 10 years of data. Additional years will be presented after the information becomes available until 10 years are shown.

**Mountain Water and Sanitation District
 Required Supplementary Information
 Schedule of OPEB Contributions - PERA
 Last 10 Fiscal Years**

	Measurement Date For the Year Ended December 31,						
	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	2,807	2,384	2,238	2,250	1,893	1,784	1,645
Contributions in Relation to the Statutorily Required Contribution	2,807	2,384	2,238	2,250	1,893	1,784	1,645
Contribution Deficiency (Excess)	-	-	-	-	-	-	-
Covered Payroll	275,238	233,692	219,614	220,617	185,621	174,821	161,235
Contributions as a % of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* This report is intended to show 10 years of data. Additional years will be presented after the information becomes available until 10 years are shown.

See the accompanying Independent Auditor's report

Other Supplementary Information

Mountain Water and Sanitation District
Budgetary Comparison Schedule - Non GAAP Basis
For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Service fees	\$ 636,000	\$ 616,591	\$ (19,409)
Property taxes - operations	130,000	129,802	(198)
Property taxes - debt service	145,320	145,068	(252)
Specific ownership taxes	20,000	19,763	(237)
Delinquent charges	-	8,257	8,257
Investment income	10,000	44,495	34,495
Availability fees	4,680	4,932	252
Grants	375,000	-	(375,000)
Other income	2,000	5,089	3,089
Total Revenues	<u>1,323,000</u>	<u>973,997</u>	<u>\$ (349,003)</u>
Expenses			
Personnel expenses	397,056	400,019	(2,963)
System operating expenses	252,620	325,005	(72,385)
General and administrative	148,000	161,744	(13,744)
County treasurer fees	6,000	4,127	1,873
Bond principal and interest	150,000	150,000	-
Capital outlay	658,000	135,233	522,767
Total Expenses	<u>1,611,676</u>	<u>1,176,128</u>	<u>435,548</u>
Revenues (under) Expenditures	<u>\$ (288,676)</u>	<u>\$ (202,131)</u>	<u>\$ 86,545</u>
Reconciliation to statement of revenues, expenditures and changes in net position			
Depreciation expense		(219,143)	
Capital outlay		135,233	
Bond principal		150,000	
Change in net position		<u>(136,041)</u>	

See the Independent Auditor's report