



FINANCIAL STATEMENTS

Year Ended December 31, 2023





Independent Auditors' Report

Board of Supervisors
West Greeley Conservation District
Greeley, Colorado

Opinions

We have audited the accompanying balance sheet/statement of net position, and the statement of revenue, expenditures and changes in fund balance/ statement of activities of the governmental activities and the major fund of West Greeley Conservation District (the District) as of December 31, 2023 and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and the major fund of the West Greeley Conservation District as of December 31, 2023, and the changes in financial position and the budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States require that management discussion and analysis and pension and OPEB schedules 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, 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 evidence sufficient to express an opinion or provide any assurance.

July 2, 2024

Anderson & Whitney, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of the West Greeley Conservation District (the District) for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- * The District's assets exceeded liabilities by \$11,164,042 at December 31, 2023.
- * The General Fund balance was \$8,062,678 as of December 31, 2023. Of this amount, \$97,620 is reserved for emergencies.
- * The December 31, 2023 General Fund balance is \$49,199 less than the previous year. General Fund operating expenditures are 40.1% of the 2023 total fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide adjustments to facilitate this comparison between *governmental funds* and *governmental activities*, which are also explained in the notes.

The basic governmental fund financial statements can be found on pages 8 and 9 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 33 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund on pages 10 and 11 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2023, assets exceeded liabilities by \$11,164,042.

The following table provides a summary of the District's net position:

| December 31 | 2023 | 2022 |
|---|---------------------|--------------------|
| Assets: | | |
| Current and other assets | 12,269,296 | 11,041,670 |
| Capital assets | 3,420,342 | 1,782,227 |
| Net pension asset | -- | 51,442 |
| Deferred outflows of resources: | | |
| Pension plan | 310,053 | 80,774 |
| Total Assets and Deferred Outflows | 15,999,691 | 12,956,113 |
| Liabilities: | | |
| Current and other liabilities | 132,080 | 72,849 |
| Net pension and OPEB liability | 626,032 | 25,869 |
| Deferred inflows of resources: | | |
| Deferred property taxes | 4,015,530 | 2,661,222 |
| Pension plan | 2,999 | 445,844 |
| Lease | 59,008 | 195,722 |
| Total Liabilities and Deferred Inflows | 4,835,649 | 3,401,506 |
| Net Position: | | |
| Invested in capital assets | 3,420,342 | 1,782,227 |
| Restricted | 97,620 | 57,659 |
| Unrestricted | 7,646,080 | 7,714,721 |
| Total Net Position | \$11,164,042 | \$9,554,607 |

A significant portion of the District’s net position represents unrestricted net position of \$7,646,080, which may be used to meet the District’s ongoing obligations to patrons and creditors.

Another significant portion of the District’s net position reflects its investment in capital assets. These assets include land, building, equipment, and vehicles. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$97,620 of the District’s net position represents resources that are subject to external restriction on how they may be used. Included in this category is the TABOR emergency reserve of \$97,620.

The following table indicates the changes in net position:

| | 2023 | 2022 |
|-------------------------------------|--------------------|---------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 237,432 | \$ 238,991 |
| Operating grants and contributions | 9,932 | 8,243 |
| General revenues: | | |
| Property taxes | 2,781,053 | 1,573,618 |
| Investment income | 176,371 | 101,113 |
| Total Revenues | 3,204,788 | \$ 1,921,965 |
| Expenses: | | |
| Program services | 386,000 | 379,726 |
| General and administrative services | 1,092,662 | 993,319 |
| Depreciation | 116,691 | 88,170 |
| Total Expenses | 1,595,353 | 1,461,215 |
| Increase in Net Position | \$1,609,435 | \$ 460,750 |

Governmental Activities. Governmental activities increased The District’s net position by \$1,609,435 in 2023. Key elements of this increase are as follows:

- * Total revenues were \$3,204,788, up approximately 66.7% from the prior year, driven primarily by an increase in property taxes due to an expected increase in assessed valuation.
- * Expenses totaled \$1,595,353. This represents a 9.2% increase from the previous year, primarily from General & Administrative services.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes.

| Year Ended December 31, 2023 | Original and Final Budget | Actual |
|------------------------------|---------------------------------|--------------|
| Beginning Fund Balance | \$ 8,111,877 | \$ 8,111,877 |
| Revenue | 3,104,242 | 3,204,788 |
| Expenditures | 4,746,245 | 3,253,987 |
| Ending Fund Balance | \$6,469,874 | \$8,062,678 |

Actual expenditures were less than budgeted due to less cost-sharing and scholarship expenses than were anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental type activities as of December 31, 2023, totals \$3,420,342 (net of accumulated depreciation). This investment includes all land, buildings, vehicles, and equipment. The total increase in capital assets for the current year was \$1,754,806.

The District implemented the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated. Additional information on the District's capital assets can be found in Note 2 of this report.

OTHER MATTERS

The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2024 budget:

- * The assessed valuation of property in the District increased for 2024, resulting in property taxes expected of \$4,015,530.
- * In 2013, the District became responsible for the management, care and development of approximately 7 acres of the George M. Houston Gardens. This will continue to require additional operating costs and capital outlay.
- * To further develop cost share programs, the District has developed a ditch/water cost share.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of The District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 4302 W. 9th Street Road, Greeley, Colorado 80634.

WEST GREELEY CONSERVATION DISTRICT

GENERAL FUND BALANCE SHEET/STATEMENT OF NET POSITION

| December 31, 2023 | General Fund | Adjustments | Statement of Net Position |
|--|----------------------|----------------------|---------------------------------|
| <u>ASSETS</u> | | | |
| Cash in Banks | \$ 8,182,858 | \$ - | \$ 8,182,858 |
| Property Taxes Receivable | 4,015,530 | - | 4,015,530 |
| Accounts Receivable | 11,900 | - | 11,900 |
| Lease Receivable | 59,008 | - | 59,008 |
| Capital Assets - net | - | 3,420,342 | 3,420,342 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Pension Plan | - | 310,053 | 310,053 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | 12,269,296 | 3,730,395 | 15,999,691 |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | 88,262 | - | 88,262 |
| Accrued Payroll Taxes | 10,860 | - | 10,860 |
| Advance Payments | 32,958 | - | 32,958 |
| Net Pension Liability | - | 601,538 | 601,538 |
| Net OPEB Liability | - | 24,494 | 24,494 |
| Total Liabilities | 132,080 | 626,032 | 758,112 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Pension Plan | - | 2,999 | 2,999 |
| Office Lease | 59,008 | - | 59,008 |
| Deferred Property Taxes | 4,015,530 | - | 4,015,530 |
| Total Deferred Inflows of Resources | 4,074,538 | 2,999 | 4,077,537 |
| <u>FUND BALANCE/NET POSITION</u> | | | |
| Fund Balance: | | | |
| Reserved for TABOR Emergencies | 97,620 | (97,620) | - |
| Unassigned | 7,965,058 | (7,965,058) | - |
| Total Fund Balance | 8,062,678 | (8,062,678) | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE | \$ 12,269,296 | | |
| Net Position: | | | |
| Invested in capital assets | | 3,420,342 | 3,420,342 |
| Restricted for emergencies | | 97,620 | 97,620 |
| Unrestricted | | 7,646,080 | 7,646,080 |
| TOTAL NET POSITION | | \$ 11,164,042 | \$ 11,164,042 |

See Accompanying Notes to Financial Statements.

WEST GREELEY CONSERVATION DISTRICT

**STATEMENT OF GENERAL FUND REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**

| Year Ended December 31, 2023 | General Fund | Adjustments | Statement of Activities |
|--|-----------------|--------------|----------------------------|
| Revenue: | | | |
| Taxes | \$ 2,781,053 | \$ - | \$ 2,781,053 |
| Intergovernmental | 9,932 | - | 9,932 |
| Tree sales | 74,602 | - | 74,602 |
| Rent | 142,800 | - | 142,800 |
| Interest income | 176,371 | - | 176,371 |
| Miscellaneous | 20,030 | - | 20,030 |
| Total Revenue | 3,204,788 | - | 3,204,788 |
| Expenditures: | | | |
| Program services | 386,000 | | 386,000 |
| General and administrative | 1,104,193 | (20,519) | 1,083,674 |
| Capital outlay | 1,763,794 | (1,754,806) | 8,988 |
| Depreciation | - | 116,691 | 116,691 |
| Total Expenditures | 3,253,987 | (1,658,634) | 1,595,353 |
| Revenue Over Expenditures/Change in Net Position | (49,199) | 1,658,634 | 1,609,435 |
| Fund Balance/Net Position, Beginning of Year | 8,111,877 | 1,442,730 | 9,554,607 |
| FUND BALANCE/NET POSITION, End of Year | \$ 8,062,678 | \$ 3,101,364 | \$ 11,164,042 |

See Accompanying Notes to Financial Statements.

WEST GREELEY CONSERVATION DISTRICT

BUDGETARY COMPARISON STATEMENT

| Year Ended December 31, 2023 | Actual | Original and Final Budget | Variance |
|--|--------------|---------------------------------|----------|
| Revenue: | | | |
| Taxes: | | | |
| General property | \$ 2,663,884 | \$ 2,661,027 | \$ 2,857 |
| Specific ownership | 111,300 | 105,550 | 5,750 |
| Delinquent property taxes and abatements | 5,869 | (395) | 6,264 |
| Total Taxes | 2,781,053 | 2,766,182 | 14,871 |
| Intergovernmental: | | | |
| State of Colorado assistance and other | 8,134 | 10,000 | (1,866) |
| Assistance from counties and cities | 1,798 | 1,810 | (12) |
| Total Intergovernmental | 9,932 | 11,810 | (1,878) |
| Program income: | | | |
| Houston Gardens | 11,340 | 13,500 | (2,160) |
| Trees and related supplies | 63,262 | 45,000 | 18,262 |
| Total Program Income | 74,602 | 58,500 | 16,102 |
| Miscellaneous: | | | |
| Interest income | 176,371 | 97,250 | 79,121 |
| Miscellaneous | 20,030 | 27,700 | (7,670) |
| Rent income | 142,800 | 142,800 | - |
| Total Miscellaneous | 339,201 | 267,750 | 71,451 |
| Total Revenue | 3,204,788 | 3,104,242 | 100,546 |
| Expenditures: | | | |
| Program services: | | | |
| Cost share/Snow fence/Nitrate | 103,836 | 300,000 | 196,164 |
| Scholarships and sponsorships | 131,408 | 223,000 | 91,592 |
| Trees and related products | 73,932 | 111,500 | 37,568 |
| Information/education/grant spending | 24,330 | 6,000 | (18,330) |
| Houston Gardens | 52,494 | 128,675 | 76,181 |
| Total Program Services | 386,000 | 769,175 | 383,175 |

Continued on next page.

WEST GREELEY CONSERVATION DISTRICT

BUDGETARY COMPARISON STATEMENT - Continued

| Year Ended December 31, 2023 | Actual | Original and Final Budget | Variance |
|---------------------------------------|--------------|---------------------------------|--------------|
| Expenditures - Continued: | | | |
| General and Administrative: | | | |
| Salaries | \$ 534,831 | \$ 505,000 | \$ (29,831) |
| Retirement, insurance, payroll taxes | 180,732 | 227,870 | 47,138 |
| Annual meeting and Ag symposium | 79,121 | 82,500 | 3,379 |
| County Treasurer's fees | 40,043 | 34,900 | (5,143) |
| Dues and subscriptions | 1,751 | 2,000 | 249 |
| Vehicle fuel and maintenance | 8,540 | 11,500 | 2,960 |
| Insurance and bonds | 45,580 | 40,000 | (5,580) |
| Legal and accounting | 23,665 | 29,000 | 5,335 |
| Office supplies, postage and printing | 21,963 | 72,000 | 50,037 |
| Promotion and advertising | 21,287 | 10,000 | (11,287) |
| Travel | 10,045 | 7,550 | (2,495) |
| Building maintenance and utilities | 84,375 | 117,350 | 32,975 |
| Web site | 43,083 | 30,000 | (13,083) |
| Miscellaneous | 9,177 | 3,400 | (5,777) |
| Total General and Administrative | 1,104,193 | 1,173,070 | 68,877 |
| Capital outlay | 1,763,794 | 2,804,000 | 1,040,206 |
| Total Expenditures | 3,253,987 | 4,746,245 | 1,492,258 |
| Revenue Over Expenditures | (49,199) | (1,642,003) | 1,592,804 |
| Fund Balance, Beginning of Year | 8,111,877 | 8,111,877 | - |
| FUND BALANCE, End of Year | \$ 8,062,678 | \$ 6,469,874 | \$ 1,592,804 |

See Accompanying Notes to Financial Statements.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies:

The accounting and reporting policies of the West Greeley Conservation District (the District) conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

Reporting Entity:

The financial report of the District includes all of the integral parts of the District's operations. The District has determined that it has no financial accountability for any other agency which would require it to be in the reporting entity.

The District was organized in 1948 pursuant to the Soil Conservation District law of Colorado as a governmental subdivision of the State. The District exercises public powers in connection with soil conservation and erosion control within its boundaries for the purpose of bringing about the conservation, development, and wise use of land, water, and related resources.

Government-wide and Fund Financial Statements:

The District reports as a special purpose government engaged in a single governmental program. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

Separate financial statements are provided for the government fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The District reports the following major governmental fund:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District.

Fund Equity:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally restricted by law or outside parties for use for specific purpose.

Restrictions for the District are recorded up to the maximum equity available in the fund balance and consist of:

Restricted for Emergencies:

These restrictions are established to comply with TABOR. Recorded TABOR emergency reserves at December 31, 2023 are \$97,620.

Assigned fund balances, if any, are amounts the District intends to use for specific purpose. Intent can be expressed by the Board of Supervisors or by an official to which the Board delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Net Position:

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition and construction of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Deferred Outflows and Inflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has one item that qualifies for reporting in this category: changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category: changes in the net pension liability not included in pension expense reported in the government-wide statement of net position, deferred property taxes, and lease receivables.

Capital Assets:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. It is the District's policy to capitalize all capital expenditures over \$1,000. Acquisitions of capital assets are recorded as capital outlay expenditures within the General Fund. Depreciation has been provided in the government-wide statements. Depreciable lives are five years for vehicles, ten years for equipment, and forty years for buildings.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Property Taxes:

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The District uses the Weld County Treasurer to bill and collect its property taxes. Taxes levied in December 2023 are recorded as taxes receivable and deferred inflows as of December 31, 2023.

The original January 1 levy for the General Fund of the District was .414 mills or approximately \$2,661,222.

Budget:

An annual budget and appropriation ordinance is adopted by the District's Board of Supervisors in accordance with the Local Government Budget Law. The Budget is prepared on a basis consistent with accounting principles generally accepted in the United States. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.

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

1. On or about September 20, the District staff submits to the District Board a proposed operating budget for the fiscal year commencing January 1. The budget includes proposed expenditures and the means of financing them.
 2. Public hearings are conducted to obtain taxpayers' comments. The District obtains the assessed valuation of property in the District from the Office of the Weld County Assessor for the budget year and certifies the levy to the Board of County Commissioners.
 3. Prior to December 31, the budget is legally adopted by the District. The District Manager is authorized to transfer amounts between line items. Revisions that alter total appropriations must be approved by the District Board through a supplemental appropriation. There were no supplemental appropriations in 2023.
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Employee Personnel Leave:

All full-time District employees accumulate personnel leave for subsequent use. No accrual of liability is made as vacation leave is generally taken and the amount outstanding at year end is immaterial.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Pensions:

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

Other Postemployment Benefits (OPEB):

West Greeley Conservation District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by PERA. The net OPEB liability, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position 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.

NOTE 2 – Cash in Banks:

The District's bank deposits at year-end were entirely covered by federal depository insurance or the Colorado Public Deposit Protection Act. Bank deposits of \$500,000 were covered by federal depository insurance and balances of \$7,682,858 were covered by PDPA.

The Colorado Public Deposit Protection Act (PDPA) requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages, and deeds of trust.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Changes in Capital Assets:

| | Balance, 1/1/23 | Additions | Deletions | Balance, 12/31/23 |
|--------------------------------|--------------------|--------------|-----------|----------------------|
| Land | \$ 149,395 | \$ 1,182,600 | \$ - | \$ 1,331,995 |
| Land improvements | 464,652 | 31,683 | - | 496,335 |
| Building | 1,463,515 | - | - | 1,463,515 |
| Equipment and office furniture | 157,734 | 4,200 | - | 161,934 |
| Vehicles and trailers | 309,004 | 182,975 | 23,858 | 468,121 |
| Construction in progress | 117,262 | 353,348 | - | 470,610 |
| Total Cost | 2,661,562 | 1,754,806 | 23,858 | 4,392,510 |
| Less Accumulated Depreciation: | | | | |
| Land improvements | 122,657 | 23,140 | - | 145,797 |
| Building | 519,229 | 38,505 | - | 557,734 |
| Equipment and office furniture | 69,785 | 13,481 | - | 83,266 |
| Vehicles and trailers | 167,664 | 41,565 | 23,858 | 185,371 |
| Total Accumulated Depreciation | 879,335 | 116,691 | 23,858 | 972,168 |
| Capital Assets, net | \$1,782,227 | \$ 1,638,115 | \$ - | \$3,420,342 |

NOTE 4 - PERA:

Pensions. West Greeley Conservation 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.

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.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA - Continued:

PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 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,

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. 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.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA - Continued:

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

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

Contributions provisions as of December 31, 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 periods noted below are summarized in this table.

| | 1/1/23- 12/31/23 |
|--|---------------------|
| Employee contribution rate as a percentage of salary | 9.00% |

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

| | 1/1/23- 12/31/23 |
|--|---------------------|
| Employer contribution rate as a percentage of salary | 11.00% |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) | (1.02) |
| Amount Apportioned to the LGDTF | 9.98 |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 | 2.20 |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 | 1.50 |
| Defined Contribution Supplement as specified in C.R.S. § 24-51-415 | 0.06 |
| Total Employer Contribution Rate to the LGDTF | 13.74% |

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and West Greeley Conservation District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from West Greeley Conservation District were \$64,477 for the year ended December 31, 2023.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

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

The net pension liability for the LGDTF was measured as of December 31, 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 West Greeley Conservation District's proportion of the net pension liability was based on their contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers.

At December 31, 2023, the District reported a liability of \$601,538 for its proportionate share of the net pension liability.

At December 31, 2022, West Greeley Conservation District's proportion which was 0.06 percent, which is approximately the same as the prior year.

For the year ended December 31, 2023, the District recognized pension expense of \$40,146. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| December 31, 2023 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ -- | \$ 2,999 |
| Change in assumptions | -- | -- |
| Net difference between projected and actual earnings on pension plan investments | 245,576 | -- |
| Subsequent year contributions | 64,477 | -- |
| Total | \$ 310,053 | \$ 2,999 |

\$64,477 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:

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

| Year Ending December 31 | Amount |
|-------------------------|-------------------|
| 2024 | \$ (27,278) |
| 2025 | 36,073 |
| 2026 | 89,893 |
| 2027 | 143,889 |
| | <u>\$ 242,577</u> |

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

| | |
|---|--|
| Price inflation | 2.3 percent |
| Real wage growth | 0.7 percent |
| Wage inflation | 3.0 percent |
| Salary increases, including wage inflation | 3.2 - 11.3 percent |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 7.25 percent |
| Future post-retirement benefit increases: | |
| PERA Benefit Structure hired prior to 1/1/07 (automatic) | 1.0 percent |
| PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve |

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

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.

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

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PERA – Continued:

- **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.

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.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|----------------|-------------------|--|
| Global Equity | 54.0% | 5.6% |
| Fixed Income | 23.0% | 1.30% |
| Private Equity | 8.5% | 7.1% |
| Real Estate | 8.5% | 4.4% |
| Alternatives | 6.0% | 4.7% |
| Total | 100.00% | |

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

• **NOTE 4 – PERA – Continued:**

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

• **NOTE 4 – PERA – Continued:**

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

| December 31, 2023 | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 1,009,831 | \$ 601,538 | \$ 259,729 |

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

Voluntary Investment Program (PERAPlus 401(k) Plan)

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

Funding Policy - The PERAPlus 401(k) Plan 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.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Defined Benefit Other Post Employment Benefit (OPEB) Plan:

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

General Information about the OPEB Plan:

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies.

Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

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.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Defined Benefit Other Post Employment Benefit (OPEB) Plan - Continued:

PERA Benefit Structure

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and West Greeley Conservation District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$5,187 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, West Greeley Conservation District reported a liability of \$24,494 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's proportion of the net OPEB liability was based on their contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0.003 percent which was approximately the same as its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the District recognized OPEB expense of \$3,812.

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Defined Benefit Other Post Employment Benefit (OPEB) Plan - 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:

| | |
|--|--|
| Actuarial cost method | Entry age |
| Price inflation | 2.30 percent |
| Real wage growth | 0.70 percent |
| Wage inflation | 3.00 percent |
| Salary increases, including wage inflation | 3.20 – 11.30 percent |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 7.25 percent |
| Health care cost trend rates | |
| PERA benefit structure: | |
| Service-based premium subsidy | 0.00 percent |
| PERACare Medicare plans | 5.60 percent |
| Medicare Part A premiums | 3.75 percent in 2022, gradually rising to 4.50 percent in 2029 |

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

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements.

For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

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

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

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Defined Benefit Other Post Employment Benefit (OPEB) Plan - Continued:

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

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

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

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

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Defined Benefit Other Post Employment Benefit (OPEB) Plan - Continued:

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|----------------|-------------------|--|
| Global Equity | 54.0% | 5.6% |
| Fixed Income | 23.0% | 1.3% |
| Private Equity | 8.5% | 7.1% |
| Real Estate | 8.5% | 4.4% |
| Alternatives | 6.0% | 4.7% |
| Total | 100.00% | |

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

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

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Defined Benefit Other Post Employment Benefit (OPEB) Plan - Continued:

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|--------------------------------------|-------------------------------------|------------------------|-------------------------------------|
| Initial PERACare Medicare trend rate | 5.25% | 6.25% | 7.25% |
| Ultimate PERACare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 3.00% | 4.00% | 5.00% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | \$ 23,801 | \$ 24,494 | \$ 25,249 |

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above.

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---------------------------|-------------------------------------|---------------------------|
| December 31, 2023 | | | |
| Proportionate share of the net OPEB liability | \$ 28,396 | \$ 24,494 | \$ 21,157 |

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

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Contingencies:

In November 1992, the Colorado voters approved the Taxpayer’s Bill of Rights (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from enterprise activities, gifts, federal funds, reserve expenditures, damage awards, or property sales.

In May 1996, the electors of the District voted to supersede TABOR and, from January 1, 1995 and thereafter, to permit the District to collect, retain, and expend the full proceeds of all taxes, fees, and other revenue without increasing or adding taxes of any kind.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the applicable requirements of the Amendment.

Included in the accompanying financial statements is an emergency reserve required by TABOR of at least 3% of fiscal year spending.

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 disasters. The District purchases commercial insurance for risks of loss in excess of deductible amounts. There have been no claims that exceeded this coverage in any of the past three fiscal years.

NOTE 7 – Reconciliation Between General Fund Balance Sheet and the Statement of Net Position:

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

| December 31, 2023 | |
|---|----------------------|
| Fund balance of General Fund | \$ 8,062,678 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the General Fund | 3,420,342 |
| Deferred inflows and outflows of resources related to pensions | 307,054 |
| Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the General Fund. Long-term liabilities at year end consist of: | |
| Net pension asset and net OPEB liability | (626,032) |
| Total Net Position | \$ 11,164,042 |

WEST GREELEY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the General Fund to the Statement of Activities:

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

| Year Ended December 31, 2023 | |
|--|---------------------|
| Net change in fund balance – General Fund | \$ (49,199) |
| The General Fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year | 1,638,115 |
| The General Fund reports District pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense | 20,519 |
| Change in Net Position of Governmental Activities | \$ 1,609,435 |

NOTE 9 – Office Lease:

The District implemented GASB Statement No. 87 as of January 1, 2022, and recognized a lease receivable for an office lease during fiscal year 2022. The District has an agreement to lease office space to various U.S. Department of Agriculture (USDA) agencies for \$142,800 per year, which expires in May of 2024. Total lease revenue recognized during the year ended December 31, 2023 is as follows:

| | <u>Revenue</u> | <u>Interest</u> | <u>Total Revenue</u> |
|----------------|----------------|-----------------|----------------------|
| Building Lease | \$ 136,714 | \$ 6,086 | \$ 142,800 |

The following is the lease receivable schedule by year as of December 31, 2023:

| <u>Years Ending December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Payments</u> |
|---------------------------------|------------------|-----------------|-----------------------|
| 2024 | \$ 58,516 | \$ 492 | \$ 59,008 |

WEST GREELEY CONSERVATION DISTRICT

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

| Year Ended December 31 | Statutorily Required Contributions | Contributions Made | Covered Payroll | % of Covered Payroll |
|------------------------|--|-----------------------|--------------------|----------------------------|
| 2023 | \$64,477 | \$64,477 | \$471,977 | 13.7% |
| 2022 | 64,388 | 64,388 | 487,792 | 13.2% |
| 2021 | 62,683 | 62,683 | 494,340 | 12.7% |
| 2020 | 54,642 | 54,642 | 431,000 | 12.7% |
| 2019 | 42,638 | 42,638 | 336,262 | 12.7% |
| 2018 | 36,935 | 36,935 | 291,400 | 12.7% |
| 2017 | 34,300 | 34,300 | 279,267 | 12.6% |
| 2016 | 28,622 | 28,622 | 226,684 | 12.6% |
| 2015 | 28,522 | 28,522 | 204,063 | 14.0% |

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS

| Year Ended December 31 | Statutorily Required Contributions | Contributions Made | Covered Payroll | % of Covered Payroll |
|------------------------|--|-----------------------|--------------------|----------------------------|
| 2023 | \$5,187 | \$5,187 | \$471,977 | 1.0% |
| 2022 | 4,975 | 4,975 | 487,792 | 1.0% |
| 2021 | 5,042 | 5,042 | 494,340 | 1.0% |
| 2020 | 4,395 | 4,395 | 431,000 | 1.0% |
| 2019 | 3,430 | 3,430 | 336,262 | 1.0% |
| 2018 | 2,971 | 2,971 | 291,400 | 1.0% |
| 2017 | 3,001 | 3,001 | 279,267 | 1.0% |

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

WEST GREELEY CONSERVATION DISTRICT

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

| Year Ended December 31 | Cumulative Proportion of Net Pension (Asset) Liability | Cumulative Proportionate Share | Covered Payroll | % of Covered Payroll | Plan Net Position as a % of Net Pension (Asset) Liability |
|---------------------------|---|--------------------------------------|--------------------|----------------------------|--|
| 2023 | .06% | \$501,282 | 471,977 | 127.5% | 83.0% |
| 2022 | .06% | (51,442) | 487,792 | (10.5)% | 101.5% |
| 2021 | .06% | 312,676 | 494,340 | 63.3% | 90.9% |
| 2020 | .04% | 292,556 | 431,000 | 67.9% | 86.3% |
| 2019 | .04% | 502,885 | 336,262 | 149.6% | 76.0% |
| 2018 | .04% | 433,124 | 291,400 | 148.6% | 79.4% |
| 2017 | .04% | 525,283 | 279,267 | 189.0% | 73.6% |
| 2016 | .04% | 428,515 | 226,684 | 189.0% | 76.9% |
| 2015 | .06% | 507,311 | 204,063 | 249.0% | 80.7% |

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET
OPEB LIABILITY**

| Year Ended December 31 | Cumulative Proportion of Net OPEB Liability | Cumulative Proportionate Share | Covered Payroll | % of Covered Payroll | Plan Net Position as a % of Net OPEB Liability |
|---------------------------|--|--------------------------------------|--------------------|----------------------------|---|
| 2023 | .003% | \$24,494 | \$471,977 | 5.2% | 38.6% |
| 2022 | .003% | 25,869 | 487,792 | 5.3% | 39.4% |
| 2021 | .003% | 28,507 | 494,340 | 5.8% | 32.8% |
| 2020 | .003% | 33,720 | 431,000 | 7.8% | 24.5% |
| 2019 | .003% | 40,816 | 336,262 | 12.1% | 17.0% |
| 2018 | .003% | 44,176 | 291,400 | 15.2% | 17.5% |
| 2017 | .003% | 44,072 | 279,267 | 15.8% | 16.7% |

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.