

**TRI-LAKES WASTEWATER TREATMENT FACILITY**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2023**

## TABLE OF CONTENTS

<b>FINANCIAL SECTION</b>	<b>PAGE</b>
Independent Auditors Report	
<b>Basic Financial Statements</b>	
Statement of Net Position – Proprietary Fund	1
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	2
Statement of Cash Flows – Proprietary Fund	3
Notes to the Financial Statements	4 – 36
<b>Required Supplementary Information</b>	
Schedule of the Facility’s Proportionate Share – PERA Local Government Division Trust Fund	37
Schedule of the Facility’s Contributions – PERA Local Government Division Trust Fund	38
Schedule of the Facility’s Proportionate Share – PERA Health Care Trust Fund	39
Schedule of the Facility’s Contributions – PERA Health Care Trust Fund	40
<b>Individual Fund Schedule</b>	
Budgetary Comparison Schedule – Proprietary Fund	41

## **FINANCIAL SECTION**



**PROSPECTIVE  
BUSINESS  
SOLUTIONS, LLC**  
Certified Public Accountants

Auditing, Accounting, and Consulting Services for  
Governments and Nonprofit Organizations

Joint Use Coordinating Committee  
Tri-Lakes Wastewater Treatment Facility  
Monument, Colorado

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Tri-Lakes Wastewater Treatment Facility (the "Facility"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Facility's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Facility as of December 31, 2023, and the respective changes in financial position, and, where applicable, 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 (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 Facility, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Facility's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require the schedules of the Facility's proportionate share, and the schedules of the Facility's contributions on pages 37-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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 statement in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

### **Other Information**

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

*PB Solutions LLC*

Littleton, Colorado

May 14, 2024

## **BASIC FINANCIAL STATEMENTS**

TRI-LAKES WASTEWATER TREATMENT FACILITY

STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 December 31, 2023

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 120,040
Accounts Receivable	89,054
Prepaid Expenses	44,457
Total Current Assets	<u>253,551</u>
Noncurrent Assets	
Capital Assets, Not Depreciated	61,153
Capital Assets, Depreciated, Net of Accumulated Depreciation	6,546,002
Total Noncurrent Assets	<u>6,607,155</u>
TOTAL ASSETS	<u>6,860,706</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	232,494
Related to OPEB	6,938
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>239,432</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	33,675
Compensated Absences	86,463
Deposits	59,172
Total Current Liabilities	<u>179,310</u>
Noncurrent Liabilities	
Net Pension Liability	405,671
Net OPEB Liability	26,639
Total Noncurrent Liabilities	<u>432,310</u>
TOTAL LIABILITIES	<u>611,620</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	6,167
Related to OPEB	10,608
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>16,775</u>
NET POSITION	
Net Investment in Capital Assets	6,607,155
Unrestricted	(135,412)
TOTAL NET POSITION	<u>\$ 6,471,743</u>

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

TRI-LAKES WASTEWATER TREATMENT FACILITY

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
Year Ended December 31, 2023

OPERATING REVENUES	
Charges for Services	\$ 1,542,663
Other	<u>-</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>1,542,663</u></b>
OPERATING EXPENSES	
Dues, Subscriptions, Education, and Travel	4,509
Permits and Licenses	14,733
Equipment Expenses	11,687
Insurance	36,536
Repairs and Maintenance	75,670
Miscellaneous Expenses	1,271
Office Supplies and Expense	4,525
Plant Operator's Expense	489,574
Professional Fees	49,145
Small Tools	-
Supplies	115,645
Special Chemical Monitoring	81,938
Vehicle Expense	3,930
Utilities	146,975
Sludge Removal	368,318
Depreciation	<u>296,143</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>1,700,599</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(157,936)</u></b>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	2,081
Gain from Sale of Assets	10,000
Pension and OPEB Expense	<u>79,892</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b><u>91,973</u></b>
<b>CHANGE IN NET POSITION</b>	<b>(65,963)</b>
NET POSITION, Beginning	<u>6,537,706</u>
NET POSITION, Ending	<b><u>\$ 6,471,743</u></b>

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

TRI-LAKES WASTEWATER TREATMENT FACILITY

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Year Ended December 31, 2023

Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Owning Districts	\$ 1,529,485
Cash Paid to Suppliers and Employees	<u>(1,381,134)</u>
Net Cash Provided by Operating Activities	<u>148,351</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(101,408)
Proceeds from Sale of Assets	10,000
Net Cash Used by Capital and Related Financing Activities	<u>(91,408)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>2,081</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	59,024
CASH AND CASH EQUIVALENTS, Beginning	<u>61,016</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 120,040</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	<u>\$ (157,936)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	296,143
Changes in Assets and Liabilities	
Accounts Receivable	(13,178)
Prepaid Expenses	(2,689)
Accounts Payable	25,983
Accrued Expenses related to Pensions and OPEB	28
Accrued Compensated Absences	-
Deposits	-
Total Adjustments	<u>306,287</u>
Net Cash Provided by Operating Activities	<u>\$ 148,351</u>

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

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Tri-Lakes Wastewater Treatment Facility (the "Facility") is an entity formed by intergovernmental agreement among Palmer Lake Sanitation District, Monument Sanitation District, and Woodmoor Sanitation District No.1. The Facility is operated and accounted for as an enterprise fund and financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Facility meets the criteria to be treated as a joint venture. Following is a summary of the more significant policies:

**Reporting Entity**

Joint ventures are created by governments for special purposes and are responsible to the public, investors, creditors, the management that created them, and the users served by the joint venture. A joint venture is a legal entity or other contractual arrangement participated in by a government as a separate and specific activity for the benefit of the public or several recipients in which the government retain an ongoing financial interest and/or responsibility.

The financial reporting entity consists of the Facility and organizations for which the Facility is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Facility. In addition, any legally separate organizations for which the Facility is financially accountable are considered part of the reporting entity. Financial accountability exists if the Facility appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Facility.

Based upon the application of these criteria, no additional organizations are includable within the Facility's reporting entity. However, the Facility is a joint venture and is reported within each owning government's financial reporting entity. Each owning District is financially responsible for the Facility. Fiscal responsibility is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Fiscal responsibility implies that a governmental unit is dependent on another and the dependent unit should be reported as part of the other.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The accounting policies of the Facility conform to generally accepted accounting principles as applicable to the governmental units accounted for as proprietary enterprise funds. The enterprise fund is used since the Facility's powers are related to those operated in a manner similar to a private utility system where fees and charges are designed to recover costs, including capital costs.

The Facility's records are maintained on the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows.

The Facility distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses for enterprise funds 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.

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

The Facility reports all activity in one enterprise fund which is a proprietary fund type. This fund is considered a major fund.

**Assets, Liabilities, and Fund Balance/Net Position**

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Facility considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are reported at fair value.

Receivables – Accounts Receivable consists of amounts owed by the owning Districts for wastewater services. The Facility considers all accounts receivable as collectible, therefore no allowance is recorded at year end.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses in the statement of net position.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Capital Assets –Capital assets are defined by the Facility as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the Facility is depreciated using the straight-line method over the following estimated useful lives:

Plant and Buildings	50 years
Land Improvements	20 years
Infrastructure Improvements	5 – 15 years
Vehicles and Equipment	5 – 7 years

Compensated Absences – Facility employees are entitled to certain compensated absences (vacation) based on their length of employment and are allowed to accumulate unused absences. Employees also accrue sick leave at a rate of 8 hours per month.

Upon termination of employment, employees are entitled to receive compensation for unused vacation leave at the employees' current salary rate. Unused sick leave time will be compensated at the employee's current rate of pay if the employee has completed ten years of service prior to termination of employment.

These compensated absences are recognized as current salary costs when earned in the proprietary fund. A liability in the amount of \$86,463 has been recorded in the statement of net position for these accrued compensated absences.

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Net Position – Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position represents liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While Facility management may have categorized and segmented portions for various purposes, the Facility Joint Use Committee has the unrestricted right to revisit or alter these managerial decisions.

**Deposits Held for Owning Districts**

Per the Cash Flow Escrow Agreement dated October 13, 1998 and amended on December 12, 2006, each owning District of the Facility was required to deliver a sum of \$10,000 and \$7,000. The Agreement provided working capital and funding to satisfy projected cash flow requirements. In addition to the deposits, any interest earned is transferred to the deposit account. In the event of the termination of the Agreement by the Districts, the funds will be distributed to each of the owning Districts. As of December 31, 2023, the deposit balance was \$59,172.

**Joint Use Coordinating Committee**

Each District appoints one representative and an alternate to serve on the Joint Use Coordinating Committee. The Committee’s function and responsibility is to review the use and operation of the Facility.

**Risk Management**

The Facility is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. Commercial insurance coverage is purchased to manage these risks of loss.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Subsequent Events**

The Facility has evaluated events subsequent to the year ended December 31, 2023 through May 14, 2024, the date these financial statements were available to be issued and has incorporated any required recognition into these financial statements.

**NOTE 2:**     **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

A budget is adopted for the proprietary fund as a management control device but is not legally required. The budgetary information presented in the financial statements was approved by each owning District.

**NOTE 3:**     **CASH AND INVESTMENTS**

A summary of the Facility's deposits as of December 31, 2023 follows:

Petty Cash	\$     100
Deposits	<u>119,940</u>
 Total	 <u><u>\$ 120,040</u></u>

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. On December 31, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the Facility are eligible public depositories.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 3:**     **CASH AND INVESTMENTS** (Continued)

**Deposits** (Continued)

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

The Facility has no policy regarding custodial credit risk for deposits.

On December 31, 2023, the Facility had deposits with financial institutions with a carrying amount of \$119,940. The bank balances with the financial institutions were \$180,660. All of these balances were covered by federal depository insurance.

***THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK***

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2023 is summarized below:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<b>Business-Type Activities</b>				
Capital Assets, Not Depreciated				
Construction in Progress	\$ -	\$ 61,153	\$ -	\$ 61,153
Capital Asset, Being Depreciated				
Treatment Plant	\$ 8,078,397	\$ -	\$ -	\$ 8,078,397
Phosphorous Plant	3,692,854	-	-	3,692,854
Lab Building	477,742	-	-	477,742
Land Improvements	165,008	-	-	165,008
Landscaping	12,761	-	-	12,761
Road	6,301	-	-	6,301
Equipment	522,725	-	-	522,725
Vehicles	55,513	40,255	15,200	80,568
Total Capital Assets, Being Depreciated	<u>13,011,301</u>	<u>40,255</u>	<u>15,200</u>	<u>13,036,356</u>
Accumulated Depreciation				
Treatment Plant	4,994,574	159,320	-	5,153,894
Phosphorous Plant	449,297	73,857	-	523,154
Lab Building	160,841	9,555	-	170,396
Land Improvements	104,412	9,038	-	113,450
Landscaping	12,761	-	-	12,761
Road	6,301	-	-	6,301
Equipment	425,712	44,373	-	470,085
Vehicles	55,513	-	15,200	40,313
Total Depreciation	<u>6,209,411</u>	<u>296,143</u>	<u>15,200</u>	<u>6,490,354</u>
Capital Assets, Depreciated, Net	<u>6,801,890</u>	<u>(255,888)</u>	<u>-</u>	<u>6,546,002</u>
Net Capital Assets	<u>\$ 6,801,890</u>	<u>\$ (194,735)</u>	<u>\$ -</u>	<u>\$ 6,607,155</u>

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

Pensions. The Facility 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 Facility 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](http://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.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 5:**     **DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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. 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.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

Contributions provisions as of December 31, 2023: Eligible employees of, the Facility 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 January 1, 2022, through December 31, 2023 are summarized in the table below:

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023	July 1, 2023 Through December 31, 2023
Employee contribution (all employees other than State Troopers)	8.50%	9.00%	9.00%	9.00%
State Troopers	12.50%	13.00%	13.00%	13.00%

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

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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%	11.00%	11.00%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.48%	9.98%	9.98%	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	0.03%	0.03%	0.06%	0.06%
Total employer contribution rate to the LGDTF	13.21%	13.71%	13.74%	13.74%

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

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 5:**     **DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Facility is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Facility were \$48,370 for the year ended December 31, 2023.

**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 Facility proportion of the net pension liability was based on the Facility's contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers.

At December 31, 2023 the Facility reported a liability of \$405,671 for its proportionate share of the net pension liability.

At December 31, 2022, the Facility's proportion was 0.04%, which was an increase of 0.0005% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023 the Facility recognized pension expense of (\$73,829). At December 31, 2023, the Facility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$-	\$305
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	182,294	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,830	5,862
Contributions subsequent to the measurement date	48,370	N/A
Total	\$232,494	\$6,167

\$48,370 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	\$20,003
2025	60,915
2026	97,039

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 5: 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%
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 <sup>1</sup>	Financed by the AIR

<sup>1</sup> 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 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. Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 5:**     **DEFINED BENEFIT PENSION PLAN** (Continued)

**Actuarial assumptions** (Continued)

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

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

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

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

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

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.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

**Actuarial assumptions** (Continued)

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

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

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

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.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 5:**     **DEFINED BENEFIT PENSION PLAN** (Continued)

**Actuarial assumptions** (Continued)

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

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

Benefit payments and contributions were assumed to be made at the middle of the year. Based on the above assumptions and methods, 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.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 5: DEFINED BENEFIT PENSION PLAN** (Continued)

**Sensitivity of the Facility’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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$681,020	\$405,671	\$175,159

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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

*OPEB:* The Facility 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.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 6:**     **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**General Information about the OPEB Plan**

*Plan description.* Eligible employees of the Facility 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](http://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.

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.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**General Information about the 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.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Facility is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Facility were \$3,591 for the year ended December 31, 2023.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

At December 31, 2023 the Facility reported a liability of \$26,639 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 Facility's proportion of the net OPEB liability was based on The Facility's 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 Facility's proportion was 0.003%, which was an increase of 0.0002% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023 the Facility recognized OPEB expense of (\$6,035). At December 31, 2023, The Facility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$-	\$4,260
Changes of assumptions or other inputs	274	2,224
Net difference between projected and actual earnings on OPEB plan investments	1,540	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,533	4,124
Contributions subsequent to the measurement date	3,591	N/A
Total	\$6,938	\$10,608

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

\$3,591 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:

<b>Year ended December 31,</b>	
2024	(\$3,014)
2025	(1,679)
2026	(696)
2027	(1,212)
2028	(679)
Thereafter	19

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 6: 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:

	Local Government 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	3.20%-11.30%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty 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.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial Assumptions** (Continued)

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**Age-Related Morbidity Assumptions**

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and	0.0%	0.0%

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

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial Assumptions** (Continued)

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

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

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

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

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

December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial Assumptions** (Continued)

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

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

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (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 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.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 6:** **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial Assumptions** (Continued)

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

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

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

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.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial Assumptions** (Continued)

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

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

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

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

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

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%.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Sensitivity of The Facility’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 <sup>1</sup>	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$25,885	\$26,639	\$27,459

<sup>1</sup>For the January 1, 2023, plan year.

**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%.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Discount rate** (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

**Sensitivity of The Facility’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 liability	\$30,882	\$26,639	\$23,009

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

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 7: RETIREMENT PLAN**

The Facility participates in a Section 457 Deferred Compensation Plan for its employees. The plan is administered by Lincoln National Life. The Facility matches 5% of the gross salary of all participating employees. During the year ended December 31, 2023, the Facility contributed \$16,728 to the plan.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**Joint Ownership**

In 1977, Woodmoor Water and Sanitation District No.1, Palmer Lake Sanitation District, and Monument Sanitation District (the participating Districts) entered into an agreement for the joint operation and use of a wastewater treatment facility.

In 1988, by amendment to the original agreement, Woodmoor Sanitation District No.1 began management of the Facility in accordance with the policies and procedures for joint use established by the coordinating committee.

In 1996, the three participating Districts entered into an Amended Joint Use of Facilities Agreement which replaced all prior agreements with regard to management of the Facility. Since the amendment, the Facility is operated and managed as a joint venture of the participating Districts.

As of December 2006, Woodmoor Water and Sanitation District No.1 no longer manages the Facility. The Facility Manager manages the Facility under the direction of the Joint Use Committee Board of Directors.

The real and personal property and fixtures of the Facility are commonly owned by the Districts in equal, undivided one-third interests, with each District possessing the right to use the real estate. Major repair or replacement expenses in excess of \$5,000 are assessed equally to each District.

Operating expenses and repair and replacement expensed less than \$5,000 are billed to the Districts on a monthly basis in accordance with each District's pro rata contribution to the monthly flows and BOD loadings discharged into the Facility. Each calendar month, 40% of operating expense are billed by influent flows and 60% of operating expenses are billed by BOD loadings. The capacity is subject to change with future facility expansion.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 8:**     **COMMITMENTS AND CONTINGENCIES** (Continued)

**Joint Ownership** (Continued)

In February 2015, Woodmoor Water and Sanitation District No.1 and Palmer Lake Sanitation District entered into an Offer of Settlement Agreement. The purpose of the agreement was to ensure that the state mandated improvements to the Facility were not delayed and the Facility's grant funds for the improvements were not jeopardized despite the ongoing dispute among the owning Districts regarding the cost sharing of the capital improvements. The agreement established preliminary cost allocation where Woodmoor Water and Sanitation District No.1 agrees to cover 66.66% of the project costs until a settlement among the Districts can be reached. This agreement was amended in July 2015. In the amended agreement, Woodmoor Water and Sanitation District No.1 had agreed to provide gap funds to the Palmer Lake Sanitation District in the event that the grant funds are not received.

The final court ruling was issued on May 23, 2016, granting Woodmoor Water and Sanitation District No. 1 motion for summary judgment for costs to the Phase I improvements to be allocated one-third to each owning District. Subsequent to the ruling, the defendants (Monument Sanitation District and Palmer Lake Sanitation District) filed an appeal with the appellate courts in June 2016. The District Court ruled against the defendants and in favor of Woodmoor Water and Sanitation District No.1 on September 15, 2019.

**Tabor Amendment**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation. Revenue received in excess of the limitations may be required to be refunded. The Tabor Amendment is complex and subject to judicial interpretations. The Facility believes it is exempt from the provisions of the Amendment.

TRI-LAKES WASTEWATER TREATMENT FACILITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 9: CHANGE IN ACCOUNTING PRINCIPLES-SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

For the year ended December 31, 2023, the Facility implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). GASB 96 provides guidance on the accounting and financial reporting for SBITAs. For the year ended December 31, 2023, the Facility has determined that no changes to the Facility's financial statements are deemed necessary.

**REQUIRED SUPPLEMENTAL INFORMATION**

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 SCHEDULE OF THE FACILITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PERA LOCAL GOVERNMENT DIVISION TRUST FUND

	Years Ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Proportion of the Net Pension Liability (Asset)	0.0400%	0.0399%	0.0458%	0.0526%	0.0461%	0.0460%	0.0427%	0.0393%	0.0414%	
Proportionate Share of the Net Pension Liability (Asset)	\$ 405,671	\$ (34,229)	\$ 238,589	\$ 384,384	\$ 579,457	\$ 512,624	\$ 576,125	\$ 432,863	\$ 371,310	
Covered payroll	\$ 331,071	\$ 331,071	\$ 292,653	\$ 337,211	\$ 323,777	\$ 290,438	\$ 263,959	\$ 226,998	\$ 226,998	
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	122.53%	-10.34%	81.53%	113.99%	178.97%	176.50%	218.26%	190.69%	163.57%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.99%	101.49%	90.88%	86.26%	75.96%	79.00%	74.00%	77.00%	81.00%	

NOTE: Information for the prior one year was not available for this report

See the accompanying independent auditor's report

TRI-LAKES WASTEWATER TREATMENT FACILITY  
SCHEDULE OF THE FACILITY'S CONTRIBUTIONS  
PERA LOCAL GOVERNMENT DIVISION TRUST FUND

Years Ended December 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 48,370	\$ 44,593	\$ 37,840	\$ 42,014	\$ 49,583	\$ 44,358	\$ 39,790	\$ 32,736	\$ 28,299
Contributions in Relation to the Contractually Required Contributions	48,370	44,593	37,840	42,014	49,583	44,358	39,790	32,736	28,299
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 352,036	\$ 331,071	\$ 292,653	\$ 323,627	\$ 361,923	\$ 323,777	\$ 290,438	\$ 263,959	\$ 223,166
Contributions as a Percentage of Covered Payroll	13.74%	13.47%	12.93%	12.98%	13.70%	13.70%	13.70%	12.40%	12.68%

NOTE: Information for the prior one year was not available for this report.

See the accompanying independent auditor's report

TRI-LAKES WASTEWATER TREATMENT FACILITY  
 SCHEDULE OF THE FACILITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 PERA HEALTH CARE TRUST FUND

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0033%	0.0350%	0.0350%	0.0040%	0.0043%	0.0036%	0.0033%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 26,639	\$ 26,761	\$ 33,244	\$ 45,247	\$ 58,227	\$ 46,486	\$ 42,467
Covered payroll	\$ 331,071	\$ 331,071	\$ 292,653	\$ 337,211	\$ 323,777	\$ 290,438	\$ 263,959
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.05%	8.08%	11.36%	13.42%	17.98%	16.01%	16.09%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	17.53%

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

See the accompanying independent auditor's report

TRI-LAKES WASTEWATER TREATMENT FACILITY

SCHEDULE OF THE FACILITY'S CONTRIBUTIONS  
PERA HEALTH CARE TRUST FUND

Years Ended December 31,

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 3,591	\$ 3,377	\$ 2,985	\$ 3,301	\$ 3,692	\$ 3,303	\$ 2,962
Contributions in Relation to the Contractually Required Contributions	3,591	3,377	2,985	3,301	3,692	3,303	2,962
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 352,036	\$ 331,071	\$ 292,653	\$ 323,627	\$ 361,923	\$ 323,777	\$ 290,438
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

See the accompanying independent auditor's report

**INDIVIDUAL FUND SCHEDULE**

TRI-LAKES WASTEWATER TREATMENT FACILITY

BUDGETARY COMPARISON SCHEDULE

PROPRIETARY FUND

Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 1,578,928	\$ 1,542,663	\$ (36,265)
Interest Income	-	2,081	2,081
Other	-	10,000	10,000
TOTAL REVENUES	<u>1,578,928</u>	<u>1,554,744</u>	<u>(24,184)</u>
EXPENDITURES			
Construction	\$ 21,000	\$ -	\$ 21,000
Dues, Subscriptions, Education, and Travel	7,000	4,509	2,491
Permits and Licenses	15,000	14,733	267
Equipment Expenses	64,828	51,942	12,886
Insurance	30,099	36,536	(6,437)
Repairs and Maintenance	73,377	75,670	(2,293)
Miscellaneous Expenses	2,500	1,271	1,229
Office Supplies and Expense	4,800	4,525	275
Plant Operator's Expense	504,914	489,574	15,340
Professional Fees	113,715	110,298	3,417
Small Tools	500	-	500
Supplies	113,718	115,645	(1,927)
Special Chemical Monitoring	108,004	81,938	26,066
Vehicle Expense	6,000	3,930	2,070
Utilities	151,259	146,975	4,284
Sludge Removal	357,214	368,318	(11,104)
Contingency	5,000	-	5,000
TOTAL EXPENDITURES	<u>1,578,928</u>	<u>1,505,864</u>	<u>73,064</u>
NET INCOME, BUDGET BASIS	<u>\$ -</u>	48,880	<u>\$ 48,880</u>
GAAP BASIS ADJUSTMENTS			
Capital Outlay		101,408	
Depreciation Expense		(296,143)	
Pension and OPEB Expense		79,892	
NET INCOME, GAAP BASIS		(65,963)	
NET POSITION, Beginning		<u>6,537,706</u>	
NET POSITION, Ending		<u>\$ 6,471,743</u>	

See the accompanying independent auditor's report