Cucharas Sanitation and Water District

Annual Financial Statements and
Independent Auditors' Report

December 31, 2023

Haynie & Company

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Independent Auditors' Report

Members of the Board of Directors
Cucharas Sanitation and Water District

Qualified Opinion

We have audited the accompanying financial statements of the business-type activities of Cucharas Sanitation and Water District as of and for the year ended December 31, 2023, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Cucharas Sanitation and Water District, 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 Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cucharas Sanitation and Water 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 qualified audit opinion.

Matter Giving Rise to the Qualified Opinion

Management has not adopted a methodology for determining the completeness and accuracy of the inventory balance at year end and, accordingly, was unable to provide adequate support for the balance. Accounting principles generally accepted in the United States of America require balances in inventory to reflect the costs applicable to goods on hand remaining after the matching of absorbed costs with concurrent revenues. The balance should not exceed an amount properly chargeable against the revenues expected to be obtained from the ultimate disposition of the goods carried forward and adjustments to this balance would increase or decrease the assets, net position and change expenses in the Enterprise Fund. The amount by which this departure would affect the assets, net position, and expenses of the Enterprise Fund has not been determined.

Emphasis of a Matter

As discussed in Note 3 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. With respect to this matter, our opinion is qualified as described in the Matter Giving Rise to the Qualified Opinion section of our report.

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 Cucharas Sanitation and Water District's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on 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 Cucharas Sanitation and Water 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 Cucharas Sanitation and Water District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Haynie & Company

Littleton, Colorado
July 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
Cucharas Sanitation and Water District
For year ending December 31, 2023

The management of the Cucharas Sanitation and Water District (CSWD) offers readers the District's narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023. In order to enhance understanding of the District's financial performance, this discussion and analysis should be read in conjunction with the Independent Auditors' Report, the financial statements, and the accompanying notes, which follow this section.

The District implemented GASB 68 as required in 2015. Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association (PERA), is recorded as a liability of the District. The net pension liability as of December 31, 2023 was $339,593.

Cucharas Sanitation and Water District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit fund, known as Other Post-Employment Benefits (OPEB), administered by PERA. Title 24 Article 51 Part 12 of the Colorado Revised Statutes 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. The District's net OPEB Liability as of December 31, 2023 was $22,296.

FINANCIAL HIGHLIGHTS

• Cucharas Sanitation and Water District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6,967,937 (net position) at the end of 2023. Of this amount, a negative balance in unrestricted net position of $(22,967) is left to meet the District's ongoing obligations to citizens and creditors, including construction purposes. The remaining $6,990,904 is invested in capital assets or is restricted by law.

• Total liabilities, including long-term debt, increased by $286,907 at 2023 year-end from total 2022 liabilities to $1,867,974. This increase is primarily due to the increase in net pension liability. Without this increase, CSWD liabilities would have decreased by $52,686.

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) Basic Financial Statements, 2) Notes to the Financial Statements, and 3) Budgetary Comparisons.

Basic Financial Statements: The *Basic 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position, some portions of which are restricted in accordance with debt covenants and other restrictions as required by the Colorado Revised Statutes. 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. It should be noted that other non-financial factors must be considered when assessing the overall health of the District. These include measures of the quality of service that the District provides to the Cuchara community, general condition of the sewer and water infrastructure systems and the local economic climate.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the District's net position changed during the 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 (e.g., uncollected taxes).

The *Statement of Cash Flows* reports receipts, cash payments and net changes in cash and cash equivalents resulting from operations, investing and capital and related financing activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during 2023.

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 financial statements.

Budgetary Comparisons: Cucharas Sanitation and Water District adopts an annual appropriated budget for its operations. A budgetary comparison statement has been provided to demonstrate the quality of the adopted budget.

FINANCIAL ANALYSIS

The following condensed financial information derived from the basic financial statements includes comparisons with the 2022 fiscal year.

Net position: As noted earlier, the net position may serve over time as a useful indicator of a District's financial position. As of December 31, 2023, assets and deferred outflows exceeded liabilities and deferred inflows by $6,967,937. The District's net position decreased by $185,587 between years 2022 and 2023 primarily due to the effects of loan payoffs (i.e., reduction of the amount borrowed on the 2019 CWR & PDA loan). The following table provides a summary of the District's net position at December 31, 2022 and December 31, 2023.

	2023	2022 Restated
Assets:		
Current and other assets	$1,248,061	$1,219,311
Capital Assets	$7,531,412	$7,832,456
Total Assets	*$8,779,473*	*$9,051,767*
Deferred Outflows of Resources:		
Pension and OPEB	$178,229	$86,996
Liabilities:		
Current and other liabilities	$156,304	$129,372
Long-term liabilities	$1,711,670	$1,451,695
Total Liabilities	*$1,867,974*	*$1,581,067*
Deferred Inflows of Resources:		
Pension and OPEB	$23,421	$303,062
Property Tax	$98,370	$101,110
Total Deferred Inflow of Resources	$121,791	$404,172
Net Position:		
Invested in capital assets, net of related debt	$6,764,400	$6,333,488
Restricted for TABOR Reserve	$33, 147	$3,450
Restricted - Debt	$193,357	$183,403
Unrestricted	$(22,967)	$633,183
Total Net Position	*$6,967,937*	*$7,153,524*

The most significant portion of the District's Net Position (97%) reflects its investment in capital assets. These capital assets are used to provide services to citizens; consequently, they are not available for future spending.

Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The District's debt is comprised of two Colorado Water Resources and Power Development Authority loans (i.e., the "2012" loan and the "2019" loan). $(22,967) of Cucharas Sanitation and Water District's net position represents assets which may be used to meet the District's ongoing obligations to citizens and creditors, as well as $193,357 of Cucharas Sanitation and Water District's net position to meet the District's ongoing obligations to creditors.

The following table indicates the changes in net position in 2023 and in 2022:

	2023	2022 Restated
Operating and Non-Operating Revenues:		
Service Fees	$733,985	$739,440
Property and specific ownership taxes	$111,795	$114,351
Pond augmentation fees	$2,040	$2,240
Investment Earnings	$46,384	$18,922
Grants	$35,000	$0
Loan Recoveries and Other	$14,617	$31,213
Misc. Capital Revenue	$0	$0
Total Revenues	*$943,821*	*$906,166*
Operating and Non-Operating Expenses:		
Personnel and directors' fees	$381,442	$350,832
Operations and maintenance	$284,263	$282,983
Bad debts	$0	$0
Depreciation	$439,180	$433,682
Other operating expense	$39,523	$41,361
Total Expenses	*$1,144,408*	*1,109,158*

Capital Contributions - Tap Fees	*$15 ,000*	*$15,000*
Increase (Decrease) in Net Position	***($ 185,587)***	***($187,692)***

From 2022 to 2023, revenues increased by $37,655 and expenses increased by $35,250.

In general, operational income and expenses are the typical costs for discharging and maintaining CSWD services. Thus, the operational revenues include monthly service fees, submittals of property and specific ownership taxes collected by Huerfano County, plus a variety of miscellaneous recurring and non-recurring income submissions.

Operational expenses include all of the day-to-day expenses associated with running the business: ensuring the quality, quantity and delivery of drinking water, conversion of raw sewage collected throughout the district into treated water suitable for return to the Cucharas River, and all the business necessities required to bill, collect, and process account payables and receivables in a manner that is comprehensive and compliant with state requirements.

Including revenues and expenses but not including depreciation, a net income of $253,593 for the fiscal year 2023 was recorded.

BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes. In December of 2022, the Board of Directors appropriated $1,563,861 for 2023 expenditures and reserves. The budget was not amended during the calendar year. The following table explains how actual net income before reconciliation compares to that which was budgeted for 2023. Service fees collected during 2023 were higher than budgeted by $6,451, a difference of less than 1%. This was mainly due to commercial consumption that exceeded 2023 estimates. Actual other operating revenue and expense was over budget by $769 or less than 1%.

Legal and audit expenses this year was under budget by $13,395. This was mainly due to over-estimating the number of Division 2 water court cases that were filed throughout the year that had any potential impact to CSWD.

Actual utility costs for 2023 were $51,183 compared to a budget of $61,200, $10,017 under budget.

And finally, costs for office, professional services, repairs, maintenance and supplies that were budgeted to be $144,095 was overrun by $11,235 due mainly to underbudgeted professional services for the Baker Creek Water Treatment Plant project that were performed earlier than originally planned.

Other non-operating revenue actuals exceeded budget by an amount of $58,304. This was due to greater interest income than planned and capital grants that were not anticipated. Actual expenditures fell short of planned expenditures by $645,211 in 2023. While actual operational expenses were very close to that budgeted, actual capital expenses fell $606,717 short of planned expenditures. The primary reason for this is the delay on the Baker Creek project due to lengthy review times by the state health department. The net income before the reconciliation to GAAP basis is $710,731 higher than budgeted mainly due to the capital underspending. The following table compares the total Operational and non-operational budgets (non-GAAP) to actual costs for 2023 and 2022:

	2023		**2022**	
	Budget	**Actual**	**Budget**	**Actual** (as restated)
Service Fees	$727,534	$733,985	$718,074	$739,440
Other Operating Revenue	$124,644	$125,413	$126,742	$129,904
Other Non-Operating Revenue	$38,080	$96,384	$31,254	$48,723
Expenditures	($1,450,375)	($805,457)	($982,221)	($889,268)
Net debt service	($110,451)	($110,162)	($110,450)	($110,450)
Debt Proceeds	$0	$0	$0	$0
Bad Debt Expense	$0	$0	$0	$0
Net Income before Reconciliation (Loss)	***($670,568)***	***$40,163***	***($216,601)***	***($81,651)***

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: Cucharas Sanitation and Water District's investment in capital assets at December 31, 2023, totals $7,531,412. This investment includes the following:

		2023		2022
Land and easements		$158,475		$158,475
Water rights		$652,010		$652,010
Utility plant - system		$16,081,810		$15,995,823
Equipment		$454,918		$454,918
Office building		$183,339		$183,339
Construction in progress		$117,608		$88,381
	Total Capital Assets	***$17,648,160***		***$17,532,946***
Accumulated Depreciation		$10,116,748		$9,700,490
	Net Capital Assets	***$7,531,412***		***$7,832,456***

Capital Expenditures: On the water production side, capital reserves were expended for closing out the 2019/2020 Spanish Peaks Water System Improvement Project, for the purchase of new water meters, for a new turbidity metering system (to replace obsolete turbidity meters) and for replacement media in CSWD's two main water filters. On the wastewater processing side, the main expenditure was for the replacement of the roof of the wastewater plant plus pumps and valves for the sludge transport system.

Debt Administration: December 31, 2023, Cucharas Sanitation and Water District owed $1,425,290 in long term debt. The following is a listing of District debt at December 31, 2023 and December 31, 2022:

	Maturity Date	**2023**	**2022**
CWR&PDA Loan - Cuchara water tank project 2012	May 2033	$45,643	$49,964
CWR& PDA Loan –SP Water System Imp. Project 2019	May 2039	$1,379,647	$1,449,004
Total Long-Term Debt		***$1,425,290***	***$1,498,968***

All debts continue to be serviced in a timely manner, using money set aside from operating income and property tax revenues for this purpose.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Cucharas Sanitation and Water District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or for additional financial information should be addressed to the Board of Directors, 16925 State Highway 12, La Veta, Colorado 81055.

Basic Financial Statements

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

ASSETS	
Current assets	
Cash and cash equivalents	$ 72,984
Cash with county treasurer	1,250
Property tax receivable	98,370
Accounts receivable (net of allowance for doubtful accounts of $0)	64,235
Inventory	126,440
Total current assets	363,279
Noncurrent assets	
Restricted assets—cash and equivalents	
Debt covenant	193,357
Emergency reserves	33,147
Construction funds	658,278
Total restricted assets	884,782
Capital assets	
Land and easements	158,475
Water rights	652,010
Utility plant - system	16,081,810
Equipment	454,918
Office building	183,339
	17,530,552
Accumulated depreciation	(10,116,748)
Net plant in service	7,413,804
Construction in progress	117,608
Total capital assets	7,531,412
Total Assets	$ 8,779,473
Deferred outflows of resources	
Pension and OPEB	178,229
Total deferred outflows of resources	$ 178,229

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

Cucharas Sanitation and Water District
Statement of Net Position (continued)
December 31, 2023

LIABILITIES	
Current liabilities	
Current maturities - long-term debt	$ 75,509
Accounts payable	28,694
Accrued expenses (interest, salaries and benefits)	42,263
Prepaid service fees	9,650
Deposits	188
Total current liabilities	156,304
Non-current liabilities	
Long-term debt	1,349,781
Net pension liability	339,593
Net OPEB liability	22,296
Total non- current liabilities	1,711,670
Total Liabilities	$ 1,867,974
Deferred inflows of resources	
Property tax revenue	98,370
Pension and OPEB	23,421
Total deferred inflows of resources	$ 121,791
Net Position	
Net investment in capital assets	6,764,400
Restricted	
Emergencies- TABOR reserve (Note 8)	33,147
Debt	193,357
Unrestricted	(22,967)
Total Net Position	$ 6,967,937

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

Cucharas Sanitation and Water District

Statement of Revenues, Expenses and Change in Net Position

For the Year Ended December 31, 2023

Operating Revenues	
Service fees	$ 733,985
Total operating revenues	733,985
Operating Expenses	
Personnel and related expenses	373,742
Directors' fees	7,700
Legal and audit	40,105
Professional service	88,663
Repairs, supplies and maintenance	24,812
Travel and training	7,723
Utilities	51,183
Office and telephone	41,855
Insurance	25,148
Other general and administrative expenses	6,391
Pension and OPEB changes	(1,617)
Depreciation	439,180
Total operating expenses	1,104,885
Operating Income (loss)	(370,900)
Other Operating Revenue (Expense):	
Property tax - operating	111,795
Augmentation fees	2,040
County treasurer's fee	(3,039)
Recoveries and other	14,617
Net income (loss) from operations	(245,487)
Non-Operating Revenue (Expense):	
Interest earned	46,384
Interest expense	(36,484)
Grants	35,000
Income (loss) Before Contributions	(200,587)
Capital Contributions (tap fees)	15,000
Change in Net Position	(185,587)
Net position—beginning of year (as restated)	7,153,524
Net position—end of year	$ 6,967,937

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

Cucharas Sanitation and Water District

Statement of Cash Flows

For the Year Ended December 31, 2023

Cash flows from operating activities	
Cash received from customers and users	$ 733,074
Cash paid to suppliers and others	(312,146)
Cash paid to employees for services	(383,059)
Net cash from operating activities	37,869
Cash flows from non-capital and related financing activities	
Property and specific ownership taxes received	112,804
Treasurer's fees paid	(3,039)
Net cash from non-capital and related financing activities	109,765
Cash flows from capital and related financing activities	
Principal paid on long-term debt	(73,678)
Interest paid on long-term debt	(36,484)
Purchases and construction of property and equipment	(138,136)
Grants & tap fees, other	66,657
Net cash from capital and related financing activities	(181,641)
Cash flows from investing activities	
Net sale (purchase) of investments	46,335
Interest received on investment securities	46,384
Net cash from investing activities	92,719
Net change in cash and cash equivalents	58,712
Cash and cash equivalents—beginning of year	47,419
Cash and cash equivalents—end of year	$ 106,131
Reconciliation of operating loss to net cash from operating activities	
Operating income (loss)	$ (370,900)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	439,180
Accounts receivable - (increase) decrease	(911)
Inventory - (increase) decrease	(60,848)
Prepaid expense - (increase) decrease	7,863
Accounts payable - increase (decrease)	(1,810)
Accrued expense - increase (decrease)	26,912
Pension and OBEB liabilities and deferrals - increase (decrease)	(1,617)
Net cash from operating activities	$ 37,869

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

1. Organization

The Cucharas Sanitation and Water District (the District) is a local government unit created for the purpose of providing water and sanitation services to rate paying customers within a service area allowed by law.

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

The financial statements include only the District, as there are no component units required to be included in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61.

2. Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
The District uses one fund to report on its financial position and activities. Fund accounting is designed to segregate transactions related to certain government functions and activities. The District's fund is classified as an enterprise fund type. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary 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 District's policy to use restricted resources first and the unrestricted resources as they are needed.

The District reports all activity in one enterprise fund which is a proprietary fund type.

Deposits and investments
The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Summary of Significant Accounting Policies (continued)

State statutes authorize the District to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, banker's acceptances, and mutual funds composed of otherwise legal investments.

Accounts Receivable
Accounts receivable consist of amounts due from various customers from water sales, tap sales, and acquisition fees. They are stated net of an allowance for doubtful accounts. As of December 31, 2023, management believes all accounts receivable are fully collectible; therefore, no allowance for doubtful accounts has been recorded.

Revenue Recognition
Revenues are recognized when earned. Metered water accounts are read and billed monthly on 30-day cycles. Unbilled water charges are accrued for the period of time from the last meter reading through year end and are included in receivables.

Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the District as assets with an initial estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Year
Equipment, Building, Water System and Sewer System	5-40

Encumbrances
Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. All encumbrances lapse at the end of the year.

Inventory
Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

Property Taxes
Property taxes represent ad valorem taxes levied by the District, which are payable to the County Treasurer, and are recognized as revenue by the District in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

2. Summary of Significant Accounting Policies (continued)

Property taxes attach as an enforceable lien on property as of January l. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

Long-Term Obligations
Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as charges in the year incurred.

Deferred Outflows/ Inflows of Resources
In addition to assets, the statement of financial 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. District debt refundings are reported as deferred outflows, as well as pension payments not yet charged to expense.

In addition to liabilities, the statement of financial 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.

Net Position
The District's Net Position is classified as follows:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation of these assets and related debt balances reduce this category.

Restricted Net Position – Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted Net Position – Unrestricted net position represents resources derived from general District revenues. The resources are used to conduct the District's operations.

Use of Restricted/Unrestricted Net Position – When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

Budgets

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. The budget is adopted on a budgetary basis not consistent with generally accepted accounting principles (GAAP).

The Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual (Budgetary Basis) presented as supplemental information is presented on the budgetary basis to provide meaningful comparison of actual results with the budget.

Recently Adopted Accounting Pronouncements

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements or “SBITAs”, in fiscal year 2023. This Statement was issued in May 2020 and increases the usefulness of government financial statements by requiring recognition of certain subscription-based IT assets and liabilities for subscriptions that previously were classified as expenses and recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for the District as of January 1, 2023. The statement had no impact to the District’s financial statements.

3. Correction of an Error in Previously Issued Financial Statements

GASB Statement No. 100, Accounting Changes and Error Corrections. As of December 31, 2023, the District adopted GASB Statement No. 100, Accounting Changes and Error Corrections, effective for fiscal years beginning after June 15, 2023. This Statement provides guidance on accounting for and reporting accounting changes and error corrections, aiming to improve the clarity and consistency of financial reporting in these areas. The early adoption of GASB Statement No. 100 has been applied retrospectively to all periods presented in these financial statements. Adoption of this standard enhances the relevance and reliability of its financial statements by providing a more transparent framework for accounting changes and error corrections.

3. Correction of an Error in Previously Issued Financial Statements (continued)

During fiscal year 2023, the District determined that repair and maintenance expenses reported in the prior year should have been reported as inventory. Therefore, inventory was understated by $19,826 for the year ended December 31, 2022. In addition, repairs and maintenance expense was overstated by $19,826 for the year ended December 31, 2022. The effect of correcting that error is shown in the table below.

Adjustments to and Restatements of Beginning Balances

	December 31, 2022 As Previously Reported	Error Correction	December 31, 2022 As Restated
Net Position, End of the year	$ 7,133,698	$ 19,826	$ 7,153,524

4. Cash and Investments

Cash, cash equivalents, and investments as of December 31, 2023, consist of the following:

Cash & cash equivalents	$ 139,761
Cash on hand	127
Investments (ColoTrust)	817,878
Total	$ 957,766

Cash of $33,147 is restricted as emergency Reserves as required by Article X, Section 20 of the constitution of the State of Colorado.

Cash equivalents are made up of money market accounts which are not subject to credit risk.

Cash, cash equivalents and investments as of December 31, 2023, are classified in the accompanying Statement of Net Position as follows:

Unrestricted cash/cash equivalents/investment	
Cash & cash equivalents	$ 72,984
Cash with county treasurer	1,250
Total Unrestricted	$ 74,234

Restricted cash/cash equivalents/investment	
Debt covenant	$ 193,357
Emergency reserve	33,147
Construction funds	658,278
Total Restricted	$ 884,782

4. Cash and Investments (continued)

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Deposits with banks are comprised of the following at December 31, 2023:

	Carrying Amount	Bank Balance	Insured	Collateralized
Bank Depsoits	$ 139,761	$ 142,261	$ 142,261	$ -

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2023, the District's bank balance was not exposed to custodial credit risk. Deposits that are exposed to custodial credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

Investments represent the District's holdings in Colotrust. Colotrust is a liquid asset trust holding pooled investments meeting the legal requirements for Colorado local governments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk.

Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less (depending on the type of investment) unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria that local governments may invest in, which include:

- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities,

4. Cash and Investments (continued)

- bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools(*).

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

Investment	Maturity	Carrying Value
Colorado Local Government Liquid Asset Trust:		
COLOTRUST PLUS+	Weighted average maturity under 60 days	$ 27,720
COLOTRUST EDGE	Weighted average maturity under one year	790,158
		$ 817,878

COLOTRUST
The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The District invested in COLOTRUST PLUS+ (PLUS) and COLOTRUST EDGE (EDGE), two of the three portfolios offered by COLOTRUST.

PLUS+ operates similarly to a money market fund and each share is equal in value to $1.00. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption period. Allowable investments in the PLUS+ portfolio include U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. EDGE investments consist of money market instruments and medium-term notes designed for the short to intermediate reserve and surplus funds of Colorado governments.

A designated custodial bank serves as custodian for COLOTRUST's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for COLOTRUST's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. PLUS+ is rated AAAm by S&P Global Ratings and EDGE is rated AAAf/S1 by Fitch Ratings.

Certain investments measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active

4. Cash and Investments (continued)

markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is estimated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at year end for which the investment evaluations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with FASB guidance. It is the goal of PLUS+ to maintain a NAV of $1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from $1.00 per share. EDGE does not seek to maintain a stable NAV. Edge investment may fluctuate and could be greater or less than the share price at price of purchase, prior to redemption and at the time of redemption.

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Cucharas Sanitation and Water District
Notes to Basic Financial Statements
December 31, 2023 (continued)

5. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023
Capital assets, not being depreciated:				
Water rights	$ 652,010	$ -	$ -	$ 652,010
Land and easements	158,475	-	-	158,475
Construction in progress	88,381	76,078	(46,851)	117,608
Total capital assets, not being depreciated	898,866	76,078	(46,851)	928,093
Capital assets, being depreciated:				
Utility plant and systems	15,995,823	108,908	(22,921)	16,081,810
Furniture and equipment	454,918	-	-	454,918
Office building	183,339	-	-	183,339
Total capital assets, being depreciated	16,634,080	108,908	(22,921)	16,720,067
Accumulated depreciation	(9,700,489)	(439,180)	22,921	(10,116,748)
Total capital assets, net	$ 7,832,457	$ (254,194)	$ (46,851)	$ 7,531,412

Depreciation expense for the year ended December 31, 2023 was $439,180.

6. Long-Term Debt

The following is a summary of the transactions in the District's long-term debt.

	Balance at December 31 2022	Additions	Retirements	Balance at December 31 2023	Due Within One Year
CRW & PDA Loan 2019	$ 1,449,004	$ -	$ (69,357)	$ 1,379,647	$ 71,101
CRW & PDA Loan 2012	49,964	-	(4,321)	45,643	4,408
Total long-term debt	$ 1,498,968	$ -	$ (73,678)	$ 1,425,290	$ 75,509

Long-Term Debt as of December 31, 2023 is comprised of the following:

2012- Colorado Water Resources and Power Development Authority Loan
The District obtained a loan in 2013 from the Colorado Water Resources and Power Development Authority (CWRPDA) for construction of a water tank. The loan was made in the amount of $87,000 for a term of 20 years with interest at a rate of 2%. Payments begin on November 1, 2013 and will be made every six months through May 1, 2033. A schedule of debt service to maturity follows.

6. Long-Term Debt (continued)

Year Ended December 31,	Principal	Interest	Total
2024	$ 4,408	$ 891	$ 5,299
2025	4,497	802	5,299
2026	4,587	712	5,299
2027	4,680	620	5,300
2028	4,774	526	5,300
2029-2033	22,697	1,150	23,847
	$ 45,643	$ 4,701	$ 50,344

2019- Colorado Water Resources and Power Development Authority Loan

The District obtained a loan in 2019 from the Colorado Water Resources and Power Development Authority (CWRPDA) for improvements to water treatment and distribution facilities. The loan was made in the amount of $1,696,000 for a term of 20 years with interest at a rate of 2.5% annually. Payments begin on May 1, 2020 and will be made every six months through November 1, 2039. A schedule of debt service to maturity follows:

Year Ended December 31,	Principal	Interest	Total
2024	$ 71,101	$ 34,050	$ 105,151
2025	72,890	32,261	105,151
2026	74,724	30,427	105,151
2027	76,603	28,548	105,151
2028	78,530	26,620	105,150
2029-2033	423,298	102,457	525,755
2034-2038	479,289	46,465	525,754
2039	103,212	1,939	105,151
	$ 1,379,647	$ 302,767	$ 1,682,414

As a condition of the CWRPDA debts, the District must certify to the Authority the following information:

1. Compliance with rate covenant - the rate covenant requires that fees charged and collected be at least sufficient each year to pay the sum of amounts required to pay operating and maintenance expenses (as defined) of $667,322 in 2023, 110% of the debt service on these loans of $121,495 in 2023, debt reserve payment of $0 in 2023, subordinate lien debt service of $0 in 2023, and other debt service payable from the above fees of $0 in 2023. The $788,817 total requirement of the covenant was met by fees, charges for service, and investment income (as defined) of $797,017 for the year ended December 31, 2023.

6. Long-Term Debt (continued)

2. Compliance with operations and maintenance reserve covenant - the reserve requirement is estimated to be approximately $167,600 at December 31, 2023 based on Exhibit F of the loan agreement. The District maintained a reserve account of $193,357 at December 31, 2023.
3. Lien representation - the property pledged for this debt, except as disclosed to the Authority in writing, is free and clear of any pledge, lien, charge or encumbrance.

7. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damages to and destruction of assets; error or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery and workers compensation coverage to its members.

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

The District continues to carry commercial insurance coverage for other risks of loss including workers compensation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

8. Contingencies – Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is

8. Contingencies – Tax, Spending and Debt Limitations (continued)

generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1996 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voters approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

In November 2000, the registered voters of the District approved a measure to allow the District to collect, retain and expend all revenues from any source without limitation including the District's existing property tax rate of 8.094 mills. The rate cannot be increased without voter approval.

The District's management believes it is in compliance with the provisions of TABOR. However TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

9. Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General information on the Pension Plan

Plan Description. Eligible employees of the District are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado

9. Defined Benefit Pension Plan (continued)

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

Benefits provided as of December 31, 2022. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at
C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

9. Defined Benefit Pension Plan (continued)

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 2023 year are summarized in the table below:

	January 1, 2023 through December 31, 2023
Employer Contribution Rate	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%**

Note: Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were $34,339 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 District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers.

At December 31, 2023 the District reported a liability of $339,593 for its proportionate share of the net pension liability.

At December 31, 2022, the Districts proportion was 0.0339 percent, which was an decrease of 0.0055 percent from its proportion measured as of December 31, 2021.

9. Defined Benefit Pension Plan (continued)

For the year ended December 31, 2023, the District recognized pension expense of $35,502. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,693
Net difference between projected and actual earnings on pension plan investments	138,638	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	13,875
Contributions subsequent to the measurement date	34,339	-
Total	$172,977	$15,568

$34,339 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 position 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	$ (26,287)
2025	17,376
2026	50,748
2027	81,233
Total	$ 123,070

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	3.20% – 11.30%
Long-term investment rate of return, net of pension plan investment expense, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	1.00%
PERA Benefit Structure hired after 12/31/06	Financed by the Annual Increase Reserve

The total pension liability for the Trust Fund, 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

9. Defined Benefit Pension Plan (continued)

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

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

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

- 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 were based upon the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuations were based on 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 regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to 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 allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

9. Defined Benefit Plan (continued)

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2021, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2021). 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 and 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. 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 the 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 position 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 Trust Fund'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

9. Defined Benefit Pension Plan (continued)

payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 570,092	$ 339,593	$ 146,628

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.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan Description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

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

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

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

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

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

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $2,816 for the year ended December 31, 2023.

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

At December 31, 2023, the District reported a liability of $22,296 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 the District'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 Districts proportion was 0.0027 percent, which was an decrease of 0.0003 percent from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized OPEB expense of $37. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3	$ 5,392
Changes of assumptions or other inputs	358	2,461
Net difference between projected and actual earnings on pension plan investments	1,362	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	713	-
Contributions subsequent to the measurement date	2,816	-
Total	$5,252	$7,853

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

$2,816 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized in as a reduction of the net OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	
2024	$ (2,069)
2025	(1,732)
2026	(431)
2027	126
2028	(1,032)
Thereafter	(277)
Total	$ (5,416)

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%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20% - 11.30%
Long-term investment rate of return, net of 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	6.5% 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 total OPEB liability for the Trust Fund, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (Tri- County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

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

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

AGE-RELATED MORBIDITY ASSUMPTIONS

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

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

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

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

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

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

10. 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%

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

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

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

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

Post-retirement non-disabled 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 were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

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

- 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 total OPEB liability, 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, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to 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.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

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 rate of return assumption of 7.25%.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$21,665	$22,296	$22,982

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

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

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

- Estimated transfers of dollars into the Trust Fund 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 Trust Fund'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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 25,847	$ 22,296	$ 19,258

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.

Required Supplementary Information

Cucharas Sanitation and Water District

Retirement Plan Supplementary Information
Prior 10 Years
For the Year Ended December 31, 2023

Schedule of Net Pension Liability and Related Ratios

Year Ending*	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2015	0.0397%	$ 355,725	$ 217,471	163.57%	80.72%
12/31/2016	0.0338%	$ 372,348	$ 191,965	193.97%	76.87%
12/31/2017	0.0350%	$ 473,517	$ 212,546	222.78%	73.64%
12/31/2018	0.0345%	$ 383,920	$ 216,330	177.47%	79.36%
12/31/2019	0.0332%	$ 417,882	$ 218,013	191.68%	75.96%
12/31/2020	0.0326%	$ 238,622	$ 224,677	106.21%	86.26%
12/31/2021	0.0346%	$ 180,054	$ 243,747	73.87%	90.88%
12/31/2022	0.0394%	$ (33,774)	$ 293,111	-11.52%	101.49%
12/31/2023	0.0339%	$ 339,593	$ 277,102	122.55%	82.99%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
** The data provided in this schedule is based as of the measurement date of the District's net pension liability, which is as of the beginning of the year.*

Schedule of Contributions - Pension

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as % of Covered Payroll
2014	$ 27,576	$ 27,576	$ -	$ 217,471	12.68%
2015	$ 24,341	$ 24,341	$ -	$ 191,965	12.68%
2016	$ 26,951	$ 26,951	$ -	$ 212,546	12.68%
2017	$ 27,430	$ 27,430	$ -	$ 216,330	12.68%
2018	$ 27,644	$ 27,644	$ -	$ 218,013	12.68%
2019	$ 28,529	$ 28,529	$ -	$ 224,677	12.70%
2020	$ 31,539	$ 31,539	$ -	$ 243,747	12.94%
2021	$ 38,691	$ 38,691	$ -	$ 293,111	13.20%
2022	$ 37,330	$ 37,330	$ -	$ 277,102	13.47%
2023	$ 34,339	$ 34,339	$ -	$ 250,324	13.72%

Note: This schedule is intended to show information for 10 years.

Cucharas Sanitation and Water District

Retirement Plan Supplementary Information
Prior 10 Years
For the Year Ended December 31, 2023

Schedule of Net Other Post Employment Benefit Liability and Related Ratios

Year Ending*	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2017	0.0027%	$ 34,900	$ 212,546	16.42%	16.72%
12/31/2018	0.0027%	$ 34,820	$ 216,330	16.10%	17.53%
12/31/2019	0.0028%	$ 35,061	$ 218,013	16.08%	17.03%
12/31/2020	0.0025%	$ 28,086	$ 225,677	12.45%	24.49%
12/31/2021	0.0026%	$ 25,046	$ 243,747	10.28%	32.78%
12/31/2022	0.0030%	$ 26,406	$ 293,111	9.01%	39.40%
12/31/2023	0.0027%	$ 22,296	$ 277,102	8.05%	38.57%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
* *The data provided in this schedule is based as of the measurement date of the District's net pension liability, which is as of the beginning of the year.*

Schedule of Contributions - Other Post Employment Benefit

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as % of Covered Payroll
2017	$ 2,207	$ 2,207	$ -	$ 216,330	1.02%
2018	$ 2,223	$ 2,223	$ -	$ 218,013	1.02%
2019	$ 2,292	$ 2,292	$ -	$ 225,677	1.02%
2020	$ 2,486	$ 2,486	$ -	$ 243,747	1.02%
2021	$ 2,990	$ 2,990	$ -	$ 293,111	1.02%
2022	$ 2,826	$ 2,826	$ -	$ 277,102	1.02%
2023	$ 2,816	$ 2,816	$ -	$ 250,324	1.12%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Supplementary Information

Cucharas Sanitation and Water District
Schedule of Revenues and Expenditures with Budget Comparison
For the Year Ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Operating Revenues			
Service fees	$ 727,534	$ 733,985	$ 6,451
Operating expenditures and capital outlay			
Personnel	403,168	373,742	29,426
Directors fees	7,500	7,700	(200)
Legal and audit	53,500	40,105	13,395
Professional services	58,500	88,663	(30,163)
Repairs, supplies and maintenance	50,500	24,812	25,688
Travel and training	5,000	7,723	(2,723)
Utilities	61,200	51,183	10,017
Office and telephone	35,095	41,855	(6,760)
Insurance	22,000	25,148	(3,148)
Other general and administrative	9,060	6,391	2,669
Debt service principal	73,679	73,678	1
Capital outlay	744,852	138,135	606,717
Total expenditures	1,524,054	879,135	644,919
Operating loss	(796,520)	(145,150)	(651,370)
Other operating revenue and expense			
Property tax - operating	113,910	111,795	(2,115)
Augmentation fees	2,160	2,040	(120)
County treasurer fees	(3,035)	(3,039)	(4)
Recoveries, interest and other income	11,609	14,617	3,008
Other non-operating revenue and expense			
Interest income	8,080	46,384	38,304
Interest expense	(36,772)	(36,484)	288
Capital grants	-	35,000	35,000
Tap and capital fees	30,000	15,000	(15,000)
Total other operating and non-operating revenue and expense	125,952	185,313	59,361
Net income (loss) (non-GAAP)	$ (670,568)	$ 40,163	
Reconciling difference between budgetary basis and generally accepted accounting principles (GAAP)			
Excess of revenues over expenditures, budgetary basis			
Adjustments			
Expenses which are not expenditures for budgetary purposes			
Depreciation		(439,180)	
Debt principal		73,678	
Capital outlay		138,135	
Pension and OPEB changes		1,617	
Change in Net Position (GAAP basis)		$ (185,587)	