

cPa DIXON, WALLER & CO., INC.

CUCHARAS SANITATION

AND WATER DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2021

DIXON, WALLER & CO., INC.

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CUCHARAS SANITATION AND WATER DISTRICT

CUCHARA, COLORADO

DECEMBER 31, 2021

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FINANCIAL SECTION

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Independent Auditor's Report

Board of Directors
Cucharas Sanitation and Water District
Cuchara, Colorado 81055

Opinion

We have audited the accompanying financial statements of the business-type activities of the Cucharas Sanitation and Water District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Cucharas Sanitation and Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Cucharas Sanitation and Water District, as of December 31, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the 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 the 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



Trinidad, Colorado

April 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
Cucharas Sanitation and Water District
for year ending December 31, 2021

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, 2021. In order to enhance understanding of the District's financial performance, this discussion and analysis should be read in conjunction with the Independent Auditor's 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, 2021 was \$180,054.

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, 2021 was \$25,046.

FINANCIAL HIGHLIGHTS

- Cucharas Sanitation and Water District's assets and deferred outflows exceeded liabilities and deferred inflows by \$7,341,216 (net position) at the end of 2021. Of this amount, \$622,065 may be used to meet the District's ongoing obligations to citizens and creditors, including construction purposes. The remaining \$6,719,151 is invested in capital assets or is restricted by law.

- Total liabilities, including long-term debt, decreased by \$259,386 at 2021 year-end from total 2020 liabilities to \$1,824,249. This decrease is primarily due to principal reduction and semi-annual payments of

the District's two outstanding CWR&PDA Loans: the 2012 Cuchara Water Tank Project loan ("2012" loan) and the 2019 Spanish Peaks Water System Improvement Project loan ("2019" loan).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements contain three components:

1) Government-wide (CSWD) Financial Statements, 2) Notes to the Financial Statements, and 3) Budgetary Comparisons.

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

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows, and liabilities, 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 2021.

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 with the quality of the adopted budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following condensed financial information derived from government-wide financial statements includes comparisons with the 2020 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, 2021, assets and deferred debt refunding exceeded liabilities and deferrals by \$7,341,216. The District's net position decreased by \$272,085 between years 2020 and 2021 primarily due to the effects of early loan payoff (i.e., reduction of the amount borrowed on the 2019 loan). The following table provides a summary of the District's net position at December 31, 2020 and December 31, 2019.

	<u>2021</u>	<u>2020</u>
Assets:		
Current and other assets	\$1,260,896	\$1,297,639
Capital Assets	\$8,105,640	\$8,505,796
<i>Total Assets</i>	<i>\$9,366,536</i>	<i>\$9,803,435</i>
Deferred Outflow of Resources:		
Pension and OPEB Cost <small>(New in 2015 and 2018)</small>	\$106,355	\$138,397
Liabilities:		
Current and other liabilities	\$325,281	\$175,196
Long-term liabilities	\$1,498,968	\$1,908,439
<i>Total Liabilities</i>	<i>\$1,824,249</i>	<i>\$2,083,635</i>
Deferred Inflow of Resources:		
Pension and OPEB	\$204,908	\$198,947
Property Tax	\$102,518	\$92,822
<i>Total Deferred Inflow of Resources</i>	<i>\$307,426</i>	<i>\$291,769</i>
Net Position:		
Invested in capital assets, net of related debt	\$6,534,781	\$6,790,834
Restricted for TABOR Reserve	\$3,200	\$3,100
Restricted - Debt	\$181,170	\$181,129
Unrestricted	\$622,065	\$591,365
<i>Final Net Position</i>	<i>\$7,341,216</i>	<i>\$7,566,428</i>

The most significant portion of the District's Net Position (90%) 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). \$622,065 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, a decrease of \$16,173 from 2020. The following table indicates the changes in net position in 2021 and in 2020:

	<u>2021</u>	<u>2020</u>
Operating and Non-Operating Revenues:		
Service Fees	\$651,948	\$648,668
Property and specific ownership taxes	\$103,804	\$102,605
Pond augmentation fees	\$2,159	\$2,040
Investment Earnings	\$1,209	\$7,884
Grants	\$1,809	\$791
Loan Recoveries and Other	\$16,739	\$15,350
Misc. Capital Revenue	\$0	\$0
<i>Total Revenues</i>	<i>\$777,668</i>	<i>\$760,779</i>
Operating and Non-Operating Expenses:		
Personnel and directors' fees	\$380,988	\$300,669
Operations and maintenance	\$290,487	\$305,194
Bad debts	\$0	\$0
Depreciation	\$427,856	\$385,456
Other operating expense	\$43,422	\$35,896
<i>Total Expenses</i>	<i>\$1,142,753</i>	<i>\$1,027,215</i>

Capital Contributions - Tap Fees	\$93,000	\$0
Increase (Decrease) in Net Position	(\$272,085)	(\$249,877)

From 2020 to 2021, revenues increased by \$15,680 and expenses increased by \$91,151.

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.

Legal and audit expenses this year was under budget by \$10,628. 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 2021 were \$45,771 compared to a budget of \$45,480, a minimal \$291 overrun.

And finally, costs for office, professional services, repairs, maintenance and supplies that were budgeted to be \$63,900 was overrun by \$8,156 due mainly to unbudgeted office upgrades to our current billing system.

Including revenues and expenses but not including depreciation, a net income of \$62,771 for the fiscal year 2021 was recorded.

BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes. In December of 2020, the Board of Directors appropriated \$1,063,625 for 2021 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 2021. Service fees collected during 2021 were higher than budgeted by \$6,040, a difference of less than 1%. This was mainly due to commercial consumption that exceeded 2021 estimates. Actual other operating revenue fell short of budget by \$6,718 or about 5%. This was due mainly to overestimating the amount of interest earned on our capital reserves plus the absence of any other miscellaneous income. Other non-operating revenue actuals exceeded budget by a significant amount, \$71,959. This was due to two main reasons: actual tap fees collected exceeded the plan by \$31,250 plus approximately \$40,500 in previously paid tap fees that had been previously recorded as long term liabilities, were reclassified in 2021 as revenue due to the availability of water mains that could be tapped into. Actual expenditures fell short of planned expenditures by \$222,482 in 2021. While actual operational expenses were very close to that budgeted, actual capital expenses fell \$223,334 short of planned expenditures. The primary reason for this is the lack of available resources to tackle infrastructure improvement projects. The budget for net debt service was based on the anticipated principal and interest payments due to be paid in 2021. Actual net debt service exceeded this amount by approximately \$70,000. This is the amount credited to the District due to only borrowing \$1,626,000 on the "2019" loan, instead of the approved amount of \$1,696,000. Thus, net loss before reconciliation is \$224,000 less 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 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	Budget	Actual	Budget	Actual
Service Fees	\$645,908	\$651,948	\$650,358	\$648,668
Other Operating Revenue	\$126,628	\$119,910	\$117,313	\$119,995
Other Non-Operating Revenue	\$24,059	\$96,018	\$81,266	\$8,675
Expenditures	(\$945,262)	(\$722,780)	(\$1,771,976)	(\$1,484,094)
Net debt service	(\$115,363)	(\$185,330)	(\$561,158)	(\$560,318)
Debt Proceeds	\$0	\$0	\$838,315	0
Bad Debt Expense	\$0	\$0	\$0	\$0
<i>Net Income before</i>				
<i>Reconciliation (Loss)</i>	<i>(\$264,030)</i>	<i>(\$40,234)</i>	<i>(\$645,882)</i>	<i>(\$1,267,074)</i>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: Cucharas Sanitation and Water District's investment in capital assets (net of depreciation) at December 31, 2021, totals \$8,105,640. This investment includes the following (net of depreciation):

	<u>2021</u>	<u>2020</u>
Land and easements	\$158,475	\$158,475
Water rights	\$652,010	\$652,010
Utility plant - system	\$15,835,325	\$14,180,072
Equipment	\$454,918	\$427,218
Office building	\$183,339	\$183,339
Construction in progress	\$88,381	\$1,743,634
Total Capital Assets	\$17,372,448	\$17,344,748
Accumulated Depreciation	\$9,266,808	\$8,458,253
Net Capital Assets	\$8,105,640	\$8,505,796

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, 2020, Cucharas Sanitation and Water District owed \$1,714,962 in long term debt. The following is a listing of District debt at December 31, 2021 and December 31, 2020:

	Maturity		
	Date	2021	2020
CWR&PDA Loan - Cuchara water tank project 2012	May 2033	\$54,200	\$58,353
CWR& PDA Loan –SP Water System Imp. Project 2019	May 2039	\$1,516,659	\$1,656,609
Total Long-Term Debt		\$1,570,859	\$1,714,962

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, 2021

	2021
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Equivalents	53,714
Cash with County Treasurer	684
Property Tax Receivable	102,518
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$0)	58,110
Inventory	51,500
Prepaid Expenses	4,536
<u>Total Current Assets</u>	271,062
 <u>Noncurrent Assets</u>	
<u>Restricted Assets – Cash and Equivalents</u>	
Debt Covenant	181,170
Construction Funds	808,664
<u>Total Restricted Assets</u>	989,834
 <u>Capital Assets</u>	
Land and Easements	158,475
Water Rights	652,010
Utility Plant - System	15,835,325
Equipment	454,918
Office Building	183,339
	17,284,067
Accumulated Depreciation	(9,266,808)
<u>Net Plant in Service</u>	8,017,259
Construction in Progress	88,381
<u>Total Capital Assets</u>	8,105,640
 <u>Other Assets</u>	
Deposits	-
<u>Total Other Assets</u>	-
 <u>TOTAL ASSETS</u>	 9,366,536
 <u>DEFERRED OUTFLOW OF RESOURCES</u>	
Pension and OPEB	106,355

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

CUCHARAS SANITATION AND WATER DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

	<u>2021</u>
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Current Maturities - Long-Term Debt	71,891
Accounts Payable	21,021
Accrued Expenses (Interest, Salaries and Benefits)	18,985
Prepaid Service Fees	8,096
Tap Fees Collected – Non Service Area	-
Deposits	<u>188</u>
<u>Total Current Liabilities</u>	<u>120,181</u>
<u>NonCurrent Liabilities</u>	
Long-Term Debt	1,498,968
Net Pension Liability	180,054
Net OPEB Liability	<u>25,046</u>
<u>Total NonCurrent Liabilities</u>	<u>1,704,068</u>
<u>TOTAL LIABILITIES</u>	<u>1,824,249</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension and OPEB	204,908
Property Tax	<u>102,518</u>
<u>Total Deferred Inflows</u>	<u>307,426</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	6,534,781
Restricted for:	
Emergencies	3,200
Debt	181,170
Unrestricted	<u>622,065</u>
<u>TOTAL NET POSITION</u>	<u>7,341,216</u>

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

CUCHARAS SANITATION AND WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2021

	<u>2021</u>
<u>OPERATING REVENUES</u>	
Service Fees	<u>651,948</u>
<u>OPERATING EXPENSES</u>	
Personnel	355,908
Directors' Fees	6,500
Legal and Audit	42,372
Professional Service	39,111
Repairs, Supplies and Maintenance	85,689
Travel and Training	14,278
Utilities	45,771
Office and Telephone	32,063
Insurance	21,954
Other General and Administrative Expense	9,249
Bad Debts	-
Pension and OPEB Changes	18,580
Depreciation	<u>427,856</u>
	<u>1,099,331</u>
<u>NET LOSS BEFORE OTHER OPERATING ITEMS</u>	<u>(447,383)</u>
<u>Other Operating Revenue (Expense)</u>	
Property Tax - Operating	103,804
Augmentation Fees	2,159
County Treasurer's Fee	(2,792)
Recoveries and Other	<u>16,739</u>
<u>NET INCOME (LOSS) FROM OPERATIONS</u>	<u>(327,473)</u>
<u>Other Non Operating Revenue (Expense)</u>	
Interest Earned	1,209
Gain on Sale of Assets	-
Interest Expense	(40,630)
Grants	<u>1,809</u>
<u>NET INCOME (LOSS) BEFORE CONTRIBUTIONS</u>	<u>(365,085)</u>
<u>CAPITAL CONTRIBUTIONS -- TAP FEES</u>	<u>93,000</u>
<u>CHANGE IN NET POSITION</u>	<u>(272,085)</u>
<u>NET POSITION, Beginning</u>	<u>7,566,428</u>
<u>PRIOR PERIOD CORRECTION</u>	<u>46,873</u>
<u>NET POSITION, Ending</u>	<u>7,341,216</u>

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

CUCHARAS SANITATION AND WATER DISTRICT
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

	<u>2021</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from Customers and Users	650,037
Receipts of Taxes and Other	122,702
Payments to Vendors	(375,289)
Payments to Employees	(349,020)
<u>Net Cash Provided (Used) by Operations</u>	<u>48,430</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Proceeds – Debt Issued	-
Capital Grants	-
Principal Paid on Long-Term Debt	(144,103)
Interest Paid on Long-Term Debt	(41,227)
Proceeds from Sale of Assets	-
Acquisition & Construction of Capital Asset (Including Construction in Progress)	(27,700)
Grants & Tap Fees (Prepaid)	54,309
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>(158,721)</u>
<u>Cash Flows from Investing Activities</u>	
Interest	1,209
<u>Net Cash Provided (Used) in Investing Activities</u>	<u>1,209</u>
<u>Net Increase (Decrease) in Cash</u>	(109,082)
<u>Cash & Cash Equivalents-Beginning of Year</u>	<u>1,153,314</u>
<u>Cash & Cash Equivalents-End of Year</u>	<u>1,044,232</u>
<u>Reconciliation of Cash Flows from Operating Activities:</u>	
Net Income (Loss) – Operations	(327,473)
Adjustments of Reconcile:	
Depreciation	427,856
Changes in Assets, Liabilities and Deferrals:	
Accounts Receivable – (Increase) Decrease	(3,292)
Inventory – (Increase) Decrease	(13,246)
Prepaid Expense – (Increase) Decrease	768
Other Assets – (Increase) Decrease	-
Other Liabilities – Increase (Decrease)	-
Accounts Payable – Increase (Decrease)	(13,552)
Accrued Expense – Increase (Decrease)	(407)
Pension and OPEB Liabilities and Deferrals – Increase (Decrease)	(23,605)
Prepaid Service Fees – Increase (Decrease)	1,381
<u>Net Cash Provided (Used) by Operations</u>	<u>48,430</u>
Cash Paid for Income Tax	-
Cash Paid for Interest	<u>41,227</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

A **Reporting Entity**

The reporting entity, for financial purposes, is defined as the primary government (the Cucharas Sanitation and Water District) and its component units. The District has no component units; the financial statements are comprised of the funds more fully described in subsequent information contained in the footnotes.

The accounting policies of the Cucharas Sanitation and Water District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. **Government – Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. All activities of the Cucharas Sanitation and Water District are reported as business-type. Likewise, the *primary government* is reported separately from the District's legally separate *component units* for which the District is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

The District consists of one major proprietary fund.

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Con't)

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services and ad valorem tax. Operating expenses for the District include the cost of services, administrative expenses, and depreciation on capital assets.

D. 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 year. 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. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. An immaterial amount of interest expense was incurred during the current fiscal year and was not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Year</u>
Equipment	5-40

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

E. Budgets and Budgetary Accounting

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. Budgets for the Enterprise Funds are adopted on a budgetary basis not consistent with generally accepted accounting principles (GAAP).

F. 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.

G. 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.

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has not been reflected in the financial statements of the Proprietary Funds as it does not exceed normal accumulations and is not material in relation to the financial statements.

I. 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.

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

I. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. 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.

J. 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.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on customer accounts receivable. In connection with the determination of the estimated losses on receivables, management evaluates accounts and relies on historical data.

While management uses available information to recognize losses on receivables, further reductions in the carrying amounts of receivables may be necessary based on changes in economic conditions. Because of these factors, it is reasonable possible that the estimated losses on receivables may change materially in the near term. However, the amount of the change that is reasonable possible cannot be estimated.

K. 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.

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.

L. Long-Term Obligations

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type 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.

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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.

N. Fund Equity

In the financial statements, funds report restrictions of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of assets represent tentative management plans that are subject to change.

NOTE 2 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Water Rights	652,010	-	-	652,010
Land and Easements	158,475	-	-	158,475
Construction in Progress	1,743,634	-	1,655,253	88,381
Capital Assets Being Depreciated:				
Utility Plant – System	14,180,072	1,655,253	-	15,835,325
Equipment	427,218	27,700	-	454,918
Office Building	183,339	-	-	183,339
Total Capital Assets Being Depreciated	14,790,629	1,682,953	-	16,473,582
Less Accumulated Depreciation	8,838,952	427,856	-	9,266,808
<u>Business-Type Activities</u>				
Capital Assets, Net	8,505,796	1,255,097	1,655,253	8,105,640

**CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 3 CASH AND DEPOSITS

The District's deposits at year end were covered by Federal depository insurance or secured under the Public Deposit Protection Act of the State of Colorado, whereby the custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured	70,928	53,562
Uninsured, Collateralized Under the Public Deposit Protection Act of the State of Colorado	-	-
<u>Sub-Total</u>	<u>70,928</u>	<u>53,562</u>
Cash with County Treasurer	-	684
Cash Equivalents	-	989,834
Cash on Hand	-	152
<u>Total Cash and Deposits</u>	<u>70,928</u>	<u>1,044,232</u>

Cash of \$3,200 is restricted as Emergency Reserves as required by Article X, Section 20 of the Constitution of the State of Colorado. (See Note 6)

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

As presented above, deposits with a bank balance of \$-0- and a carrying balance of \$-0- as of December 31, 2021 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 4 COMPENSATED ABSENCES

There is not a material liability for compensated absences at December 31, 2021.

NOTE 5 RISK MANAGEMENT

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

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal year.

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6 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 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.

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7 LONG-TERM DEBT

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

	<u>Balance at</u> <u>1-1-2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>12-31-2021</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
CWR & PDA Loan 2019	1,659,609	-	139,950	1,516,659	67,655
CWR & PDA Loan 2012	<u>58,353</u>	<u>-</u>	<u>4,153</u>	<u>54,200</u>	<u>4,236</u>
<u>Total</u>	<u>1,714,962</u>	<u>-</u>	<u>144,103</u>	<u>1,570,859</u>	<u>71,891</u>

Long-Term Debt as of December 31, 2021 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 (CWR & PDA) 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:

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2022	4,236	1,063
2023	4,322	978
2024	4,408	891
2025	4,497	802
2026	4,587	712
2027	4,680	620
2028	4,774	526
2029	4,870	430
2030	4,967	332
2031	5,067	232
2032	5,169	130
2033	<u>2,623</u>	<u>26</u>
	<u>54,200</u>	<u>6,742</u>

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7 **LONG-TERM DEBT (Continued)**

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 (CWR&PDA) 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 follow:

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2022	67,655	37,496
2023	69,357	35,794
2024	71,101	34,050
2025	72,890	32,261
2026	74,724	30,427
2027	76,603	28,548
2028	78,530	26,620
2029	80,506	24,645
2030	82,531	22,620
2031	84,607	20,544
2032	86,736	18,415
2033	88,918	16,233
2034	91,155	13,996
2035	93,448	11,703
2036	95,799	9,352
2037	98,208	6,942
2038	100,679	4,472
2039	<u>103,212</u>	<u>1,939</u>
	<u>1,516,659</u>	<u>376,058</u>

As a condition of the CWR & PDA 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 \$543,102 in 2021, 110% of the debt service on these loans of \$121,495 in 2021, debt reserve payment of \$0 in 2021, subordinate lien debt service of \$0 in 2021, and other debt service payable from the above fees of \$0 in 2021. The \$664,597 total requirement of the covenant was not met by fees of \$654,107 for the year ended December 31, 2021.

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7 **LONG-TERM DEBT (Continued)**

2. Compliance with operations and maintenance reserve covenant – the reserve requirement is estimated to be approximately \$162,000 at December 31, 2021 based on Exhibit F of the loan agreement. The District had a maintained reserve account of \$181,170 at December 31, 2021.

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.

NOTE 8 **STATEMENT OF INCOME - BUDGET (NON-GAAP) AND ACTUAL**

	2021		Variance- Favorable (Unfavorable)
	Budget	Actual	
<u>OPERATING REVENUES</u>	<u>645,908</u>	<u>651,948</u>	<u>6,040</u>
<u>OPERATING EXPENSES</u>	<u>1,060,625</u>	<u>908,110</u>	<u>152,515</u>
<u>OTHER OPERATING REVENUE (EXPENSE)</u>	<u>126,628</u>	<u>119,910</u>	<u>(6,718)</u>
<u>OTHER NON OPERATING REVENUE (EXPENSE)</u>	<u>24,059</u>	<u>96,018</u>	<u>71,959</u>
<u>NET INCOME (LOSS)(NON-GAAP)</u>	<u>(264,030)</u>	<u>(40,234)</u>	
<u>RECONCILING ITEMS TO</u>			
<u>GAAP NET INCOME (LOSS)</u>			
Debt Principal, Accrued Interest Change		144,700	
Depreciation		(427,856)	
Capital Outlay		27,700	
Pension and OPEB		23,605	
Tap Fees		<u>(93,000)</u>	
<u>NET INCOME (LOSS) (GAAP BASIS)</u>		<u>(365,085)</u>	

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9 **DEFINED BENEFIT PENSION PLAN**

Summary of Significant Accounting Policies:

Pensions. The Cucharas Sanitation and Water 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Most of these changes were in effect as of December 31, 2021.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2020. 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 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9 **DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, 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 an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. §24-51-413.

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

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

Contributions provisions as of December 31, 2021: Eligible employees and the Cucharas Sanitation and Water District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of 01/01/2020 through 12/31/2021 are summarized in the table below:

**CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 9 **DEFINED BENEFIT PENSION PLAN (Continued)**

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee contribution (all employees other than State Troopers)	8.00%	8.50%	8.50%	8.50%

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

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

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employer contribution rate	10.00%	10.50 %	10.50%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%	9.48%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.02%	0.02%
Total employer contribution rate to the LGDTF	12.68%	13.18%	13.20%	13.20%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Cucharas Sanitation and Water District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Cucharas Sanitation and Water District were \$38,691 for the year ended December 31, 2021.

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

At December 31, 2021, the Cucharas Sanitation and Water District reported a liability of \$180,054 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Cucharas Sanitation and Water District proportion of the net pension liability was based on the Cucharas Sanitation and Water District contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the Cucharas Sanitation and Water District proportion was 0.0345 percent, which was an increase of 0.001 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Cucharas Sanitation and Water District recognized pension expense of \$18,082. At December 31, 2021, the Cucharas Sanitation and Water District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9 **DEFINED BENEFIT PENSION PLAN (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	8,705	-
Changes of assumptions or other inputs	43,512	-
Net difference between projected and actual earnings on pension plan investments	-	(194,718)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	10,693	(684)
Contributions subsequent to the measurement date	38,691	N/A
Total	101,601	(195,402)

\$38,691 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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, 2021	
2022	(14,584)
2023	(21,170)
2024	(66,006)
2025	(30,732)
2026	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage Inflation	3.50%
Salary increases, including wage inflation	3.50% – 10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06*	Financed by the AIR

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

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

**CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 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, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage Inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20% – 11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06*	Financed by the AIR

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

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

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9 **DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- **Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.**
- **Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.**
- **Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.**

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 percentage and then adding expected inflation.

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

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9 **DEFINED BENEFIT PENSION PLAN (Continued)**

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

*The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. 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 scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent 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, LGDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 **DEFINED BENEFIT PENSION PLAN (Continued)**

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	414,772	180,054	(15,905)

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

Defined Contribution Pension Plans

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended December 31, 2021, program members made no contributions for the Voluntary Investment Program.

Defined Contribution Retirement Plan (DC Plan)

Plan Description – Employees of the LGDTF that were hired on or after January 1, 2019 which were eligible to participate in the LGDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the LGDTF or the Defined Contribution Retirement Plan (PERA DC Plan). The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA’s Annual Report as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and the Cucharas Sanitation and Water District are required to contribute a percentage of the participating employees’ PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period 01/01/2020 through 12/31/2021 are summarized in the tables below.

**CUCHARAS SANITATION AND WATER DISTRICT
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NOTE 9 **DEFINED BENEFIT PENSION PLAN (Continued)**

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee Contribution Rates:				
Employee Contribution (all employees other than State Troopers)	8.00%	8.50%	8.50%	8.50%
Employer Contribution Rates:				
On behalf of all employees other than State Troopers	10.00%	10.00%	10.00%	10.00%

Additionally the employers are required to contribute to the LGDTF on behalf of all employees other than State Troopers as follows:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411*	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. §24-51-411*	1.50%	1.50%	1.50%	1.50%
Automatic Adjustment Provision (AAP) as specified in C.R.S. § 24-51-415	N/A	0.50%	0.50%	0.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	N/A	0.02%	0.02%
Total employer contribution rate to the LGDTF*	3.70%	4.20%	4.22%	4.22%

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed \$-0- and the Cucharas Sanitation and Water District recognized pension expense and a liability of \$-0- and \$-0-, respectively, for the PERA DC Plan.

NOTE 10 **OTHER POST EMPLOYMENT BENEFITS**

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. The Cucharas Sanitation and Water 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.

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the Cucharas Sanitation and Water 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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. 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 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 percent 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.

**CUCHARAS SANITATION AND WATER DISTRICT
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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Cucharas Sanitation and Water District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Cucharas Sanitation and Water District were \$2,990 for the year ended December 31, 2021.

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

At December 31, 2021, the Cucharas Sanitation and Water District reported a liability of \$25,046 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Cucharas Sanitation and Water District proportion of the net OPEB liability was based on Cucharas Sanitation and Water District contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

**CUCHARAS SANITATION AND WATER DISTRICT
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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

At December 31, 2020, the Cucharas Sanitation and Water District proportion was 0.0026 percent, which was an increase of 0.0001 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Cucharas Sanitation and Water District recognized OPEB expense of \$498. At December 31, 2021, the Cucharas Sanitation and Water 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	66	(5,506)
Changes of assumptions or other inputs	188	(1,536)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,024)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,510	(1,440)
Contributions subsequent to the measurement date	2,990	N/A
Total	4,754	(9,506)

\$2,990 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. 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, 2021	
2022	(1,947)
2023	(1,803)
2024	(1,967)
2025	(1,635)
2026	(371)
Thereafter	(19)

**CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50 %
Salary increases, including wage inflation	3.50% in aggregate
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	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2020, gradually Increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

<u>Medicare Plan</u>	<u>Initial Costs for Members Without Medicare Part A</u>		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self- Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	\$621	\$232	\$586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

**CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

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, 2019, 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:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

**CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019 revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020.

The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	<u>Trust Fund</u>			
	<u>State Division</u>	<u>School Division</u>	<u>Local Government Division</u>	<u>Judicial Division</u>
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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

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

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

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

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

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

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

**CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

**CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

* The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	24,399	25,046	25,800

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

**CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (Continued)

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, 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 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent 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 percent.

Sensitivity of the Cucharas Sanitation and Water District proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 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 OPEB liability	28,691	25,046	21,932

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

CUCHARAS SANITATION AND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 11 COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL

The District is one of approximately 360 special districts which are members of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability and public official's coverage for claims up to \$1,000,000. The Pool is self insured for 100% of the first \$150,000 of all claims and covered 100% for claims in excess of 150,000 (not to exceed \$850,000).

Employment related wrongful termination claims are shared 50% with the Pool up to \$200,000 (\$100,000 Pool and \$100,000 District). The District is responsible for all claims in excess of \$200,000.

The District pays annual premiums to the Pool for liability, property and public officials coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from insurance 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.

A summary of the latest available audited financial information for the Pool as of and for the year ended December 31, 2021 is as follows:

Assets	<u>68,195,261</u>
Liabilities	46,165,251
Capital and Surplus	<u>22,030,010</u>
	<u>68,195,261</u>
Revenue	24,889,624
Underwriting Expenses	<u>25,123,490</u>
Underwriting Gain (Loss)	(233,866)
Other Income - Investment	482,027
Other – Change in Non Admitted Assets	<u>(119,543)</u>
Net Income (Loss) and Changes	<u>128,618</u>

There is no current or long-term debt outstanding; the above liabilities represent incurred claims and an estimated liability for incurred but not reported claims at December 31, 2021.

NOTE 12 PRIOR PERIOD ADJUSTMENT

The District changed software for customer receivables during the year ended December 31, 2020. Accounts receivable were recorded based on the understanding that billings were being done one month in advance of service provided. The monthly billing made at the end of the month, however, was for service provided for the month then ended. The 2021 beginning net assets were increased by \$46,872 for amounts not recorded as receivable and revenue for December of 2020.

REQUIRED SUPPLEMENTARY INFORMATION

PENSION TREND DATA

OPEB TREND DATA

CUCHARAS SANITATION AND WATER DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset)	.0346%	.0326%	.0332%	.0345%	.0350%	.0338%	.0397%	-	-	-
District's proportionate share of the net pension liability (asset)	\$180,054	\$238,622	\$417,882	\$383,920	\$473,517	\$372,348	\$355,725	-	-	-
District's covered payroll	\$293,111	\$243,747	\$224,677	\$218,013	\$216,330	\$212,546	\$191,965	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	61.43%	97.89%	186%	176%	218%	175%	185%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	90.88%	86.26%	75.96%	79.36%	73.64%	76.87%	80.72%	-	-	-

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

CUCHARAS SANITATION AND WATER DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 38,691	\$ 31,539	\$ 28,529	\$ 27,644	\$ 27,430	\$ 26,951	\$ 24,341	\$ 27,576	\$ 28,767	-
Contributions in relation to the contractually required contributions	<u>\$(38,691)</u>	<u>\$(31,539)</u>	<u>\$(28,529)</u>	<u>\$(27,644)</u>	<u>\$(27,430)</u>	<u>\$(26,951)</u>	<u>\$(24,341)</u>	<u>\$(27,576)</u>	<u>\$(28,767)</u>	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
District's covered payroll	\$293,111	\$243,747	\$224,677	\$218,013	\$216,330	\$212,546	\$191,965	\$217,471	\$226,830	-
Contributions as a percentage of covered payroll	13.20%	12.94%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	-

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

CUCCHARAS SANITATION AND WATER DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFIT LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net OPEB liability (asset)	.00263%	.00249%	.00277%	.00268%	.00269%	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$25,046	\$28,086	\$35,061	\$34,820	\$34,900	-	-	-	-	-
District's covered payroll	\$293,111	\$243,747	\$224,677	\$218,013	\$216,330	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8.54%	11.52%	15.60%	15.97%	16.13%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%	-	-	-	-	-

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

**CUCCHARAS SANITATION AND WATER DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
For The Last 10 Fiscal Years (As Available)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$2,990	\$ 2,486	\$ 2,292	\$ 2,223	\$ 2,207	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(2,990)</u>	<u>\$(2,486)</u>	<u>\$(2,292)</u>	<u>\$(2,223)</u>	<u>\$(2,207)</u>	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-
District's covered payroll	\$293,111	\$243,747	\$224,677	\$218,013	\$216,330	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	-	-	-	-	-

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

SUPPLEMENTAL INFORMATION

**CUCHARAS SANITATION AND WATER DISTRICT
STATEMENT OF INCOME
BUDGET (NON-GAAP) AND ACTUAL
Year Ended December 31, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>OPERATING REVENUES</u>			
Service Fees	<u>645,908</u>	<u>651,948</u>	<u>6,040</u>
<u>OPERATING EXPENSES</u>			
Personnel	377,692	398,093	(20,401)
Directors Fees	8,000	6,500	1,500
Legal and Audit	53,000	42,372	10,628
Professional Services	39,510	39,111	399
Repairs, Supplies and Maintenance	36,300	34,723	1,577
Travel and Training	14,000	14,278	(278)
Utilities	43,500	45,771	(2,271)
Office and Telephone	31,050	32,063	(1,013)
Insurance	31,920	21,954	9,966
Other General & Administrative	8,290	9,249	(959)
Debt Service Principal & Interest	115,363	185,330	(69,967)
Capital Outlay	<u>302,000</u>	<u>78,666</u>	<u>223,334</u>
	<u>1,060,625</u>	<u>908,110</u>	<u>152,515</u>
<u>OPERATING LOSS</u>	(414,717)	(256,162)	
<u>OTHER OPERATING REVENUE AND EXPENSE</u>			
Property Tax - Operating	104,322	103,804	(518)
Augmentation Fees	2,040	2,159	119
Other Capital Revenues	-	-	-
Contingency/Reserves	-	-	-
County Treasurer Fees	(3,000)	(2,792)	208
Bad Debt Expense	-	-	-
Recoveries, Interest and Other Income	23,266	16,739	(6,527)
<u>OTHER NON OPERATING REVENUE AND EXPENSE</u>			
Interest Income	2,809	1,209	(1,600)
Debt Proceeds	-	-	-
Capital Grants	-	-	-
Operating Grants	-	1,809	1,809
Tap and Capital Fees	<u>21,250</u>	<u>93,000</u>	<u>71,750</u>
	<u>150,687</u>	<u>215,928</u>	<u>65,241</u>
<u>NET INCOME (LOSS)(NON-GAAP)</u>	<u>(264,030)</u>	(40,234)	
<u>RECONCILING ITEMS</u>			
Depreciation		(427,856)	
Debt Principal		144,103	
Debt Proceeds		-	
Capital Outlay		27,700	
Tap Fees		(93,000)	
Pension and OPEB Changes		23,605	
Gain (Loss) on Disposition of Assets		-	
Change in Accrued Interest		<u>597</u>	
<u>NET INCOME (LOSS)-GAAP BASIS</u>		<u>(365,085)</u>	

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