STEAMBOAT II METROPOLITAN DISTRICT

Financial Statements

December 31, 2023

STEAMBOAT II METROPOLITAN DISTRICT

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CATTERSON
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Certified Public Accountants

Independent Auditor's Report

Board of Directors
Steamboat II Metropolitan District
Routt County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Steamboat II Metropolitan District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the District as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles (GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Financial Information

We have previously audited the District's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2023. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

GAAP requires that the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 33, the defined benefit pension plan schedules on pages 34-35, and the OPEB plan schedules on pages 36-37 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that GAAP requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Enterprise Fund Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual on page 38 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 GAAS. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Cattersm + Company, P.C.

Steamboat Springs, Colorado
July 15, 2024

STEAMBOAT II METROPOLITAN DISTRICT
Statement of Net Position
December 31, 2023
(with summarized financial information as of December 31, 2022)

	2023			2022
	Governmental Activities	Business-Type Activities	Total	Total
Assets:				
Cash and cash equivalents	$ 38,539	$ 423,252	$ 461,791	$ 631,912
Accounts receivable	-	44,866	44,866	44,122
Due from other governments	-	-	-	1,873
Property taxes receivable	261,801	340,341	602,142	379,619
Prepaid expense	-	23,905	23,905	-
Capital assets, net	125,639	1,331,831	1,457,470	1,556,887
Net pension asset	-	-	-	28,065
Total assets	425,979	2,164,195	2,590,174	2,642,478
Deferred Outflows of Resources:				
Deferred outflows related to pension plan	73,923	98,639	172,562	54,569
Deferred outflows related to OPEB plan	3,445	3,883	7,328	5,629
Total deferred outflows of resources	77,368	102,522	179,890	60,198
Liabilities:				
Accounts payable	-	57,328	57,328	101,785
Noncurrent liabilities:				
Due in more than one year:				
Net pension liability	137,348	183,272	320,620	-
Net OPEB liability	9,025	12,043	21,068	21,942
Total liabilities	146,373	252,643	399,016	123,727
Deferred Inflows of Resources:				
Deferred property tax revenues	261,801	340,341	602,142	379,619
Deferred inflows related to pension plan	1,329	1,775	3,104	243,236
Deferred inflows related to OPEB plan	3,179	4,241	7,420	7,751
Total deferred inflows of resources	266,309	346,357	612,666	630,606
Net Position:				
Net investment in capital assets	125,639	1,331,831	1,457,470	1,556,887
Restricted for:				
Emergencies	-	27,194	27,194	25,162
Unrestricted	(34,974)	308,692	273,718	366,294
Total net position	$ 90,665	$ 1,667,717	$ 1,758,382	$ 1,948,343

See accompanying notes to financial statements.

STEAMBOAT II METROPOLITAN DISTRICT
Statement of Activities
For the Year Ended December 31, 2023
(with summarized financial information for the year ended December 31, 2022)

	2023						
		Program Revenues		Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	2022 Total
Governmental Activities:							
Parks and recreation	$ 283,924	$ -	$ -	$ (283,924)	$ -	$ (283,924)	$ (239,038)
Total governmental activities	283,924	-	-	(283,924)	-	(283,924)	(239,038)
Business-type Activities:							
Water and sanitation	621,447	464,951	12,275	-	(144,221)	(144,221)	(128,217)
Administrative	179,086	-	-	-	(179,086)	(179,086)	(155,767)
Total business-type activities	800,533	464,951	12,275	-	(323,307)	(323,307)	(283,984)
Total primary government	$ 1,084,457	$ 464,951	$ 12,275	(283,924)	(323,307)	(607,231)	(523,022)
General Revenues:							
Taxes:							
Property				244,626	135,035	379,661	389,468
Specific ownership				-	26,678	26,678	26,435
Intergovernmental				7,586	-	7,586	6,906
Interest				-	15,306	15,306	4,517
Loss on disposal of capital assets				-	(11,961)	(11,961)	-
Total general revenues				252,212	165,058	417,270	427,326
Change in net position				(31,712)	(158,249)	(189,961)	(95,696)
Net position, beginning of year				122,377	1,825,966	1,948,343	2,044,039
Net position, end of year				$ 90,665	$ 1,667,717	$ 1,758,382	$ 1,948,343

See accompanying notes to financial statements.

STEAMBOAT II METROPOLITAN DISTRICT
General Fund
Balance Sheet
December 31, 2023
(with summarized financial information as of December 31, 2022)

	2023	2022
Assets:		
Cash and cash equivalents	$ 38,539	$ 63,745
Property taxes receivable	261,801	243,910
Total assets	$ 300,340	$ 307,655
Liabilities, Deferred Inflows of Resources and Fund Balance:		
Liabilities:	$ -	$ -
Total liabilities	-	-
Deferred inflows of resources:		
Deferred property tax revenues	261,801	243,910
Total deferred inflows of resources	261,801	243,910
Fund balance:		
Committed	38,539	63,745
Total fund balance:	38,539	63,745
Total liabilities, deferred inflows of resources and fund balance	$ 300,340	$ 307,655

See accompanying notes to financial statements.

STEAMBOAT II METROPOLITAN DISTRICT
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2023

Governmental fund balance	$	38,539
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in the general fund.		125,639
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the governmental fund:		
Net pension liability		(137,348)
Deferred inflows related to pension plan		(1,329)
Deferred outflows related to pension plan		73,923
Net OPEB liability		(9,025)
Deferred inflows related to OPEB plan		(3,179)
Deferred outflows related to OPEB plan		3,445
Net position of governmental activities	$	90,665

See accompanying notes to financial statements.

STEAMBOAT II METROPOLITAN DISTRICT
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2023
(with summarized financial information for the year ended December 31, 2022)

	2023	2022
Revenues:		
Property taxes	$ 244,626	$ 240,225
Intergovernmental	7,586	6,906
Total revenues	252,212	247,131
Expenditures:		
Parks and recreation	277,418	257,537
Capital outlay	-	-
Total expenditures	277,418	257,537
Excess (deficit) of revenues over expenditures	(25,206)	(10,406)
Fund balance, beginning of year	63,745	74,151
Fund balance, end of year	$ 38,539	$ 63,745

See accompanying notes to financial statements.

STEAMBOAT II METROPOLITAN DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2023

Changes in fund balance - governmental fund	$	(25,206)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the statement of activities.		(15,795)
In the governmental fund, expenditures for the defined benefit pension and OPEB plans are measured by the amount of financial resources used, whereas in the statement of activities, they are measured as the liability is accrued according to actuarial estimates. This is the amount the net pension and OPEB liabilities and related deferred inflows and outflows changed during the current year.		9,289
Change in net position of governmental activities	$	(31,712)

See accompanying notes to financial statements.

STEAMBOAT II METROPOLITAN DISTRICT
Enterprise Fund
Statement of Net Position
December 31, 2023
(with summarized financial information as of December 31, 2022)

	2023	2022
Assets:		
Current assets:		
Cash and cash equivalents	$ 423,252	$ 568,167
Accounts receivable	44,866	44,122
Due from other government	-	1,873
Property taxes receivable	340,341	135,709
Prepaid expense	23,905	-
Total current assets	832,364	749,871
Noncurrent assets:		
Capital assets, net of accumulated depreciation	1,331,831	1,415,453
Net pension asset	-	15,693
Total noncurrent assets	1,331,831	1,431,146
Total assets	2,164,195	2,181,017
Deferred Outflows of Resources:		
Deferred outflows related to pension	98,639	32,068
Deferred outflows related to OPEB plan	3,883	2,986
Total deferred outflows of resources	102,522	35,054
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	57,328	101,785
Total current liabilities	57,328	101,785
Noncurrent liabilities:		
Net pension liability	183,272	-
Net OPEB liability	12,043	12,270
Total noncurrent liabilities	195,315	12,270
Total liabilities	252,643	114,055
Deferred Inflows of Resources:		
Deferred property tax revenues	340,341	135,709
Deferred inflows related to pension	1,775	136,007
Deferred inflows related to OPEB plan	4,241	4,334
Total deferred inflows of resources	346,357	276,050
Net Position:		
Net investment in capital assets	1,331,831	1,415,453
Restricted for emergencies	27,194	25,162
Unrestricted	308,692	385,351
Total net position	$ 1,667,717	$ 1,825,966

See accompanying notes to financial statements.

STEAMBOAT II METROPOLITAN DISTRICT
Enterprise Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2023
(with summarized financial information for the year ended December 31, 2022)

	2023	2022
Operating Revenues:		
Charges for services	$ 464,951	$ 417,130
Total operating revenues	464,951	417,130
Operating Expenses:		
Operations	545,715	468,169
Administrative	179,086	155,767
Depreciation	71,661	71,449
Total operating expenses	796,462	695,385
Operating income (loss)	(331,511)	(278,255)
Non-Operating Revenues (Expenses):		
Taxes	161,713	175,678
Interest income	15,306	4,517
Loss on disposal of capital assets	(11,961)	-
Other expense	(4,071)	(4,470)
Net non-operating revenues	160,987	175,725
Income before contributions and transfers	(170,524)	(102,530)
Contributions and Transfers:		
Tap fees	12,275	(1,259)
Change in net position	(158,249)	(103,789)
Net position, beginning of year	1,825,966	1,929,755
Net position, end of year	$ 1,667,717	$ 1,825,966

See accompanying notes to financial statements.

STEAMBOAT II METROPOLITAN DISTRICT
Enterprise Fund
Statement of Cash Flows
For the Year Ended December 31, 2023
(with summarized financial information for the year ended December 31, 2022)

	2023	2022
Cash Flows From Operating Activities:		
Cash received from customers	$ 464,207	$ 408,292
Cash paid to suppliers of goods and services	(622,865)	(444,676)
Cash paid to employees	(173,353)	(152,471)
Net cash provided (used) by operating activities	(332,011)	(188,855)
Cash Flows From Non-Capital Financing Activities:		
Cash receipts from taxes	163,586	175,548
Cash payments for tax collection fees	(4,071)	(4,470)
Net cash provided by non-capital financing activities	159,515	171,078
Cash Flows From Capital and Related Financing Activities:		
Tap fees collected, net of amount paid to City	12,275	(15,551)
Purchase of capital assets	-	(512,481)
Net cash provided (used) by capital and related financing activities	12,275	(528,032)
Cash Flows From Investing Activities:		
Interest received	15,306	4,517
Net cash provided by investing activities	15,306	4,517
Net change in cash and cash equivalents	(144,915)	(541,292)
Cash and cash equivalents, beginning of year	568,167	1,109,459
Cash and cash equivalents, end of year	$ 423,252	$ 568,167
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$ (331,511)	$ (278,255)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	71,661	71,449
Defined benefit pension plan accruals	(1,838)	(46,175)
Defined benefit OPEB plan accruals	(1,217)	(1,340)
(Increase) decrease in:		
Accounts receivable	(744)	(8,838)
Prepaid expense	(23,905)	18,574
(Decrease) increase in:		
Accounts payable and accrued expenses	(44,457)	55,730
Net cash provided (used) by operating activities	$ (332,011)	$ (188,855)

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

The Steamboat II Metropolitan District (the District) was originally organized as the Steamboat II Water and Sanitation District and was established as a political subdivision of the State of Colorado pursuant to the Colorado Special District Act. On November 4, 1997, voters approved a referendum allowing the Steamboat II Water and Sanitation District to become the Steamboat II Metropolitan District, with the powers and duties of a metropolitan district. An elected Board of Directors governs the District. The District provides water and sanitation services and provides construction and maintenance of parks and recreation facilities. The District's service area is located within Routt County, Colorado.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of GAAP in governmental entities. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District does not have any component units for which it is financially accountable.

Measurement Focus and Basis of Accounting

The government-wide financial statements and proprietary (enterprise) fund financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements use a current financial resources measurement focus and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues collected within 60 days after year end to be available and thus recognizes them as revenues in the current year.

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.

Financial Statement Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities report information about the nonfiduciary activities of the District. The District's activities are categorized as either governmental activities or business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental functions and business-type activities. The governmental functions are supported by general revenues (e.g., taxes, interest). The statement of activities reduces gross expenses (including depreciation) by related program revenues. Direct expenses are those that are clearly identified with a specific program. Program revenues include (a) charges for services and (b) grants and contributions that are restricted for the operating or capital requirements of a specific program. All taxes and other revenues not meeting the criteria for classification as program revenues are reported as general revenues.

Note 1: Summary of Significant Accounting Policies (continued)

Fund Financial Statements

The fund financial statements report information about the District's funds.

The District reports the following major governmental fund:

The *General Fund* is used to account for the District's parks and recreation activities. The primary source of revenue is from an allocation of property taxes.

The District reports the following major proprietary or business-type fund:

The *Enterprise Fund* accounts for the activities of the water and sewer services provided to the District's residents. The major sources of revenue are from charges for services and an allocation of property taxes.

Fund Balance Presentation

Fund balances of the governmental fund are classified as follows:

- Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
- Committed – includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the District. Such formal action may be in the form of an ordinance or resolution and may only be modified or rescinded by a subsequent formal action.
- Assigned – includes amounts that are intended by the District to be used for specific purposes but are neither restricted nor committed. Assignments may be made only by the Board of Directors.
- Unassigned – represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, amounts on deposit with financial institutions, and certificates of deposit.

Accounts Receivable

Accounts receivable consist primarily of amounts due from residents for services provided by the District. Receivables are reviewed periodically to establish an allowance for uncollectible accounts. The District considers all receivables to be fully collectible as of December 31, 2023 and 2022. Therefore, no allowance for uncollectible accounts has been established.

Capital Assets

Capital assets include the water system, buildings, vehicles, equipment and easements. Capital assets are defined by the District as assets with an initial cost of $1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	Years
Water system	10-40
Buildings	40
Equipment and vehicles	5-20

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District's deferred outflows of resources relate to the net pension liability and net OPEB liability.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources consist of unavailable revenues from property taxes, the net pension liability and net OPEB liability.

Operating and Non-Operating Revenues and Expenses

The proprietary fund financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing services associated with the principal activities of the District. Operating expenses include the cost of ongoing operations, related administrative expenses, and depreciation expense. Non-operating revenues and expenses are all those that do not meet the criteria described previously.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer's office collects property taxes and remits collections to the District monthly.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditures/expenses. Actual results could differ from these estimates.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative financial information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2022, from which the summarized financial information was derived.

New Accounting Pronouncement

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) was effective for the District beginning January 1, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this statement, the District is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The District had no material SBITAs that qualify for recognition under this new standard.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for the General Fund. The Enterprise Fund adopts a budget on a non-GAAP basis wherein depreciation is not budgeted; capital expenditures are budgeted and recorded as expenditures. All annual appropriations lapse at year end.

The District conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the District Manager submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- All appropriations lapse at the end of each fiscal year.

The District adopted the following supplemental budget appropriations for the year ended December 31, 2023:

- General Fund expenditure appropriations were increased by $25,000 for snowcat repairs and were funded from available fund balance.
- Enterprise Fund expenditure appropriations were increased by $55,000 for wholesale water purchase rate increases and were funded from available fund balance.

Compliance

The District did not have expenditures in excess of final appropriations in any fund for the year ended December 31, 2023.

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax spending, revenue and debt limitations which apply to the State of Colorado and all local governments, excluding enterprises. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved $27,194 of the December 31, 2023 Enterprise Fund balance for this purpose.

Note 2: Stewardship, Compliance and Accountability (continued)

The District's voters passed a ballot question on May 2, 2000, authorizing the District to collect, retain and expend the full proceeds of the District's tax levy, non-federal grants and all other revenues for the 2000 fiscal year and every year thereafter.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

Note 3: Cash and Cash Equivalents

Deposits

The carrying amount of the District's deposits as of December 31, 2023 and 2022 was $461,717 and $631,837, respectively, and bank balances were $464,794 and $659,957. Of the bank balances, $250,000 and $273,580 as of December 31, 2023 and 2022, respectively, was covered by federal deposit insurance and $214,794 and $386,377, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

The PDPA requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal or exceed 102% of the aggregate uninsured deposits.

Note 4: Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Equipment and vehicles	$ 301,810	$ -	$ (11,314)	$ 290,496
Buildings	93,089	-	-	93,089
Less accumulated depreciation	(253,465)	(15,795)	11,314	(257,946)
Governmental activities capital assets, net	$ 141,434	$ (15,795)	$ -	$ 125,639
Business-type activities:				
Easements	$ 1,500	$ -	$ -	$ 1,500
Other capital assets:				
Water system	3,056,100	-	(629,387)	2,426,713
Equipment	239,382	-	(39,081)	200,301
Buildings	95,488	-	-	95,488
Total other capital assets at cost	3,390,970	-	(668,468)	2,722,502
Less accumulated depreciation for:				
Water system	(1,790,318)	(52,184)	617,426	(1,225,076)
Equipment	(149,062)	(16,653)	39,081	(126,634)
Buildings	(37,637)	(2,824)	-	(40,461)
Total accumulated depreciation	(1,977,017)	(71,661)	656,507	(1,392,171)
Other capital assets, net	1,413,953	(71,661)	(11,961)	1,330,331
Business-type activities capital assets, net	$ 1,415,453	$ (71,661)	$ (11,961)	$ 1,331,831

Note 4: Capital Assets (continued)

Depreciation expense was charged to functions of the District as follows during the years ended December 31, 2023 and 2022:

	2023	2022
Governmental activities:		
Parks and recreation	$ 15,795	$ 15,795
Business-type activities:		
Water and sanitation	$ 71,661	$ 71,449

Note 5: Governmental Fund Balance

Governmental Fund Balance

The District has no restricted governmental fund balance as of December 31, 2023 as all Colorado Lottery proceeds from the State of Colorado Conservation Trust Fund were expended for parks and recreation activities prior to the end of year.

The District commits the following fund balance by establishing separate governmental funds:

- General Fund to account for the parks and recreation activities of the District funded by property taxes.

When expenditures are incurred and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

Note 6: Pension Plans

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information About the Pension Plan

Plan Description. Eligible employees of the District are provided with pensions through the LGDTF. Plan benefits are specified in Title 24, Article 51 of CRS, administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial reports.

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

Note 6: Pension Plans (continued)

Defined Benefit Pension Plan (continued)

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the CRS. Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lesser of an annual increase of 1.00% AI cap or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 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 retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of December 31, 2023. Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under CRS § 24-51-401, et seq and § 24-51-413. Employee contribution rates for the year ended December 31, 2023 are summarized below:

	January 1, 2023 Through December 31, 2023
Employee contribution	9.00%

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

Note 6: Pension Plans (continued)

Defined Benefit Pension Plan (continued)

The employer contribution requirements for all employees are summarized below for the year ended December 31, 2023:

	January 1, 2023 Through December 31, 2023
Employer contribution rate	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in CRS § 24-51-208(1)(f)	-1.02%
Amount apportioned to the SDTF	9.98%
Amortization Equalization Disbursement (AED) as specified in CRS § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS § 24-51-411	1.50%
Defined Contribution Supplement as specified in CRS § 24-51-415	0.06%
Total Employer Contribution Rate to the LGDTF	13.74%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were $41,669 and $36,703, respectively, for the years ended December 31, 2023 and 2022.

<u>Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pension</u>

The net pension liability for the LGDTF was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total pension liability to December 31, 2022. The District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers to the LGDTF.

As of December 31, 2023, the District reported a net pension liability of $320,620 for its proportionate share of the net pension liability.

As of December 31, 2022, the District proportion was 0.031980%, which was a decrease of 0.000754% from its proportion measured as of December 31, 2021.

Note 6: Pension Plans (continued)

Defined Benefit Pension Plan (continued)

For the years ended December 31, 2023 and 2022, the District recognized pension expense (revenue) of $32,229 and ($42,489), respectively. As of December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,598
Changes of assumptions or other inputs	-	-
Net difference between projected and actual investment earnings	130,893	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,506
Contributions subsequent to the measurement date	41,669	-
Total	$ 172,562	$ 3,104

$41,669 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2023	$ (14,540)
2024	17,963
2025	47,672
2026	76,694
	$ 127,789

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20% - 11.30%
Long-term investment rate of return, net of pension plan investment 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 (automatic)	1.00%
PERA benefit structure hired after 12/31/06	Financed by the AIR

The total pension liability as of the December 31, 2022 measurement date, was adjusted to reflect disaffiliation, as allowable under CRS § 24-51-3113, of Tri-County Health Department (Tri-County Health) effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of the December 31, 2022 measurement date.

Note 6: Pension Plans (continued)

Defined Benefit Pension Plan (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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%	

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

Note 6: Pension Plans (continued)

Defined Benefit Pension Plan (continued)

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

- 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 current member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

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

- The AIR balance was excluded from the initial fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the proportionate share of the net pension asset calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	Sensitivity of the NPL		
Discount Rate:	6.25%	7.25%	8.25%
Proportionate share of the NPL	$ 538,241	$ 320,620	$ 138,436

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

Note 6: Pension Plans (continued)

Defined Contribution Pension Plan

Voluntary Investment Plan

Plan Description. Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available CAFR which includes additional information for 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 of up to the maximum limits set by the IRS, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the District has agreed to match employee contributions up to 4% of covered salary as determined by the IRS. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the years ended December 31, 2023 and 2022, program members contributed $11,681 and $10,528, respectively, and the District recognized pension expense of $11,681 and $10,528, respectively, for the Voluntary Investment Program.

Note 7: Other Postemployment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

General Information About the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF. The HCTF is established under Title 24, Article 51, Part 12 of CRS, 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 CRS, 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

CRS § 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.

Note 7: Other Postemployment Benefit (OPEB) Plan (continued)

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 basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $3,093 and $2,781 for the years ended December 31, 2023 and 2022, respectively.

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

As of December 31, 2023 the District reported a liability of $21,068 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

As of December 31, 2022, the District's proportion was 0.002580%, which was an increase of 0.000036% from its proportion measured as of December 31, 2021.

For the years ended December 31, 2023 and 2022, the District recognized OPEB expense of $189 and $164, respectively.

Note 7: Other Postemployment Benefit (OPEB) Plan (continued)

As of December 31, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Difference between expected and actual experience	$	3	$	5,095
Changes of assumptions or other inputs		339		2,325
Net difference between projected and actual investment earnings		1,287		-
Changes in proportion and differences between contributions recognized and proportionate share of contributions		2,606		-
Contributions subsequent to the measurement date		3,093		-
Total	$	7,328	$	7,420

$3,093 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,		
2023	$	(2,099)
2024		(2,266)
2025		588
2026		928
2027		(326)
Thereafter		(10)
	$	(3,185)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20% - 11.30%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

Note 7: Other Postemployment Benefit (OPEB) Plan (continued)

The total OPEB liability for the HCTF as of the December 31, 2022 measurement date was adjusted to reflect the disaffiliation, allowable under CRS § 24-51-313, of Tri-County Health Department (Tri-County Health) effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of the December 31, 2022 measurement date.

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

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

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

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

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

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

Note 7: Other Postemployment Benefit (OPEB) Plan (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, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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

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

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

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

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

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

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

Note 7: Other Postemployment Benefit (OPEB) Plan (continued)

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

- Per capita health care costs in effect as of the December 31, 2021 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2022 plan year.

- The December 31, 2021 valuation utilizes premium information as of January 1, 2022 as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- The health care cost trend rates applicable to heath care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

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

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

Several factors were 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.

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 following table:

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%	

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

Note 7: Other Postemployment Benefit (OPEB) Plan (continued)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 20,471	$ 21,068	$ 21,716

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Note 7: Other Postemployment Benefit (OPEB) Plan (continued)

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

	Sensitivity of the Net OPEB Liability		
Discount Rate:	6.25%	7.25%	8.25%
Proportionate share of the OPEB liability	$ 24,424	$ 21,068	$ 18,197

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

Note 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance for these risks by participation in an insurance pool.

The District is a member in the Colorado Special Districts Property and Liability Pool (the Pool). The Pool creates an opportunity for members to control their own insurance costs through the joint pooling of resources, making it possible to self-insure property, liability and workers' compensation insurance. The Pool is member-owned, and all surplus revenues support the stabilization of rates, coverage enhancements, innovation, and technology to bring the most value to its members. The Pool provides property, liability, workers' compensation and associated coverage, and claims and risk management services to its members. The District has not had losses of a material amount in any of the preceding three years.

The Pool has contracted with a third party to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, the Pool may require additional contributions from its members.

Note 9: Intergovernmental Agreement

The District has entered into a wastewater agreement and a regional water purchase agreement with the City of Steamboat Springs (City) whereby a portion of tap fees received by the District will be paid to the City. The funds are to be used for capital and debt expenses related to the Regional Wastewater Treatment Plant and the Fish Creek Water Treatment Plant. The District records these funds as a liability when received and as a reduction to the liability when paid to the City.

In 2003, the District and City entered into a Settlement Agreement that retroactively changed the calculation of the City's portion of tap fees collected by the District.

Note 10: Commitments

Yamcolo Reservoir Storage Agreement

The District entered into an extension and amendment agreement with the Upper Yampa Water Conservancy District effective July 14, 2011 for 50-acre feet of storage water in the Yamcolo Reservoir for thirty years terminating July 15, 2041. The purchase price for the storage water is subject to an annual CPI increase. The District paid $98.24 per acre foot of storage water for the year ended December 31, 2023.

Note 11: Contingency

In August 2023, the District received an enforcement order and administrative penalty assessment of $11,434 from the Colorado Department of Public Health and Environment (CDPHE) citing several violations including failure to:

- Correct significant deficiencies identified during a sanitary survey,
- Develop and/or implement a storage tank inspection plan,
- Develop and/or implement a backflow prevention and cross connection control program,
- Monitor and/or record groundwater entry point residual disinfectant,
- Monitor and/or report for microbiological contaminants, residual disinfectant in the distributions system, nitrate, and synthetic organic chemicals,
- Distribute and/or certify tier 2 public notice.

The District has complied with all CDPHE requirements in the enforcement order to date. On June 20, 2024, CDPHE officially closed the order and no further action is required by the District.

Note 12: Subsequent Events

The District has evaluated subsequent events through July 15, 2024, the date these financial statements were available to be issued.

STEAMBOAT II METROPOLITAN DISTRICT
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Property taxes	$ 243,910	$ 243,910	$ 244,626	$ 716
Intergovernmental	6,500	6,500	7,586	1,086
Total revenues	250,410	250,410	252,212	1,802
Expenditures:				
Parks and recreation:				
Wages and benefits	198,575	198,575	204,446	(5,871)
Operations	24,000	24,000	32,922	(8,922)
Tax collection fees	7,317	7,317	7,316	1
Repairs and maintenance	7,000	32,000	17,144	14,856
Other	13,480	13,480	15,590	(2,110)
Capital outlay	6,588	6,588	-	6,588
Total expenditures	256,960	281,960	277,418	4,542
Change in fund balance	(6,550)	(31,550)	(25,206)	$ 6,344
Fund balance, beginning of year	63,745	63,745	63,745	
Fund balance, end of year	$ 57,195	$ 32,195	$ 38,539	

STEAMBOAT II METROPOLITAN DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Local Government Division Trust Fund (LGDTF)
Last 10 Years*

	2023	2022	2021	2020	2019
District's proportion of the net pension liability (asset)	0.0320%	0.0327%	0.0330%	0.0276%	0.0241%
District's proportionate share of the net pension liability (asset)	$ 320,620	$ (28,065)	$ 171,709	$ 202,016	$ 303,334
District's covered payroll	$ 303,268	$ 272,679	$ 254,809	$ 236,173	$ 195,309
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	105.72%	-10.29%	67.39%	85.54%	155.31%
Plan fiduciary net position as a percentage of the total pension liability	82.99%	101.49%	90.88%	86.26%	75.96%

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0355%	0.0323%	0.0340%	0.0345%
District's proportionate share of the net pension liability (asset)	$ 395,474	$ 436,650	$ 374,304	$ 309,621
District's covered payroll	$ 162,000	$ 239,779	$ 198,499	$ 194,372
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	244.12%	182.11%	188.57%	159.29%
Plan fiduciary net position as a percentage of the total pension liability	79.37%	73.60%	76.87%	80.72%

* The amounts presented for each year were determined as of 12/31.

STEAMBOAT II METROPOLITAN DISTRICT
Required Supplementary Information
Schedule of the District Contributions
Local Government Division Trust Fund (LGDTF)
Last 10 Years*

	2023	2022	2021	2020	2019
Contractually required contribution	$ 41,669	$ 39,484	$ 33,635	$ 30,537	$ 24,765
Contributions in relation to the contractually required contribution	$ (41,669)	$ (39,484)	$ (33,635)	$ (30,537)	$ (24,765)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 303,268	$ 272,679	$ 254,809	$ 236,173	$ 195,309
Contributions as a percentage of covered payroll	13.74%	14.48%	13.20%	12.93%	12.68%

	2018	2017	2016	2015
Contractually required contribution	$ 20,542	$ 30,404	$ 25,170	$ 24,646
Contributions in relation to the contractually required contribution	$ (20,542)	$ (30,404)	$ (25,170)	$ (24,646)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 162,000	$ 239,779	$ 198,499	$ 194,372
Contributions as a percentage of covered payroll	12.68%	12.68%	12.68%	12.68%

STEAMBOAT II METROPOLITAN DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net OPEB Liability
Health Care Trust Fund (HCTF)
Last 10 Years*

	2023	2022	2021	2020	2019
District's proportion of the net OPEB liability	0.002580%	0.002545%	0.002515%	0.002115%	0.001871%
District's proportionate share of the net OPEB liabillity	$ 21,068	$ 21,942	$ 23,898	$ 23,777	$ 25,457
District's covered payroll	$ 303,268	$ 272,679	$ 254,809	$ 236,173	$ 195,309
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.95%	8.05%	9.38%	10.07%	13.03%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%

	2018
District's proportion of the net OPEB liability	0.002760%
District's proportionate share of the net OPEB liabillity	$ 35,868
District's covered payroll	$ 162,000
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	22.14%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%

* The amounts presented for each year were determined as of 12/31.

STEAMBOAT II METROPOLITAN DISTRICT
Required Supplementary Information
Schedule of the District Contributions
Health Care Trust Fund (HCTF)
Last 10 Years*

	2023	2022	2021	2020	2019
Contractually required contribution	$ 3,093	$ 2,781	$ 2,599	$ 2,409	$ 1,992
Contributions in relation to the contractually required contribution	$ 3,093	$ (2,781)	$ (2,599)	$ (2,409)	$ (1,992)
Contribution deficiency (excess)	$ 6,186	$ -	$ -	$ -	$ -
District's covered payroll	$ 303,268	$ 272,679	$ 254,809	$ 236,173	$ 195,309
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

	2018
Contractually required contribution	$ 1,652
Contributions in relation to the contractually required contribution	$ (1,652)
Contribution deficiency (excess)	$ -
District's covered payroll	$ 162,000
Contributions as a percentage of covered payroll	1.02%

STEAMBOAT II METROPOLITAN DISTRICT
Enterprise Fund
Statement of Revenues, Expenditures and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance
Operating Revenues:				
Charges for services:				
Water	$ 184,000	$ 184,000	$ 183,389	$ (611)
Sewer	241,000	241,000	243,162	2,162
Other	250	250	38,400	38,150
Total revenues	425,250	425,250	464,951	39,701
Expenditures:				
Operations:				
Wages and benefits	145,030	145,030	157,435	(12,405)
Water purchase	75,000	130,000	146,867	(16,867)
Wastewater treatment	206,800	206,800	207,656	(856)
Repairs and maintenance	30,500	30,500	15,864	14,636
Other	29,400	29,400	20,948	8,452
Administrative:				
Wages and benefits	90,180	90,180	87,322	2,858
Insurance	19,000	19,000	20,825	(1,825)
Rent and utilities	19,200	19,200	16,648	2,552
Professional fees	7,800	7,800	7,686	114
Office	14,600	14,600	22,787	(8,187)
Other	30,300	30,300	23,818	6,482
Capital outlay	15,000	15,000	-	15,000
Total expenditures	682,810	737,810	727,856	9,954
Operating loss - budget basis	(257,560)	(312,560)	(262,905)	49,655
Non-operating Revenues (Expenses):				
Taxes:				
Property	135,709	135,709	135,035	(674)
Specific ownership	25,000	25,000	26,678	1,678
Tap fees	7,000	7,000	12,275	5,275
Interest	9,000	9,000	15,306	6,306
Tax collection fees	(4,250)	(4,250)	(4,071)	(179)
Total non-operating revenues	172,459	172,459	185,223	12,406
Change in net position - budget basis	(85,101)	(140,101)	(77,682)	$ 62,419
Reconciliation to GAAP basis:				
Depreciation			(71,661)	
Loss on disposal of capital assets			(11,961)	
Defined benefit pension plan accruals			1,838	
Defined benefit OPEB plan accruals			1,217	
Change in net position - GAAP basis			(158,249)	
Net position, beginning of year	1,825,966	1,825,966	1,825,966	
Net position, end of year	$ 1,740,865	$ 1,685,865	$ 1,667,717	