

**RIO BLANCO WATER CONSERVANCY DISTRICT**

—

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

—

**DECEMBER 31, 2022**

**FINANCIAL STATEMENTS - 2022**

## **RIO BLANCO WATER CONSERVANCY DISTRICT**

### **2022 BOARD OF DIRECTORS**

Tim Winkler, President

Vincent Wilczek, Vice President

Mike Morgan, Secretary/Treasurer

Wade Cox

Rosalyn Coombs

### **ADMINISTRATIVE STAFF**

Alden Vanden Brink, District Manager

## CONTENTS

	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT DISCUSSION & ANALYSIS	3-8
FINANCIAL STATEMENTS	
Statement of Net Position – Primary Government	12
Statement of Activities	13-14
Balance Sheet – Governmental Fund	15
Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	17
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21-22
Notes to Financial Statements	25-50
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	53-54
Schedule of the District's Proportionate Share of the Net Pension Liability	55
Schedule of the District's Contributions – PERA Pension Plan	56
Schedule of the District's Proportionate Share of the Net OPEB Liability	57
Schedule of the District's Contributions – PERA OPEB Plan	58
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Hydroelectric Fund	61-62
Budgetary Comparison Schedule – Wolf Creek Reservoir Project Fund	63-64
Graph I – Hydro Power Sales	65



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rio Blanco Water Conservancy District

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rio Blanco Water Conservancy District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Rio Blanco Water Conservancy 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rio Blanco Water Conservancy District, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Rio Blanco Water Conservancy 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 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 Rio Blanco Water Conservancy 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 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.

#### Meeker Office

685 Main St, Suite 2, PO Box 1109, Meeker, CO 81641

☎ : 970-878-5219

✉ : 970-878-3210 ✉ : rangely@colocpa.com

#### Rangely Office

118 W Main St, PO Box 770, Rangely, CO 81648

☎ : 970-675-2222

☎ : 970-675-2220 ✉ : rangely@colocpa.com

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 Rio Blanco Water Conservancy 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 Rio Blanco Water Conservancy 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, budgetary comparison information – General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District Contributions – PERA Pension Plan, Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions – PERA OPEB Plan 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.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises of the budgetary comparison schedule – Hydroelectric Fund, budgetary comparison schedule – Wolf Creek Reservoir Project Fund, and graph but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Calo CPA Services, PC*

Rangely, Colorado  
July 26, 2023

## **MANAGEMENT DISCUSSION & ANALYSIS**

The discussion and analysis of the Rio Blanco Water Conservancy District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

- The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$7,982,567 at December 31, 2022.
- Total District's cash and investments increased by \$3,414,107 or 181 percent from 2021.
- The December 31, 2022 General Fund balance is \$94,937 less than the previous year. The total fund balance is 239 percent of 2022 General Fund operating expenditures.

### **USING THIS ANNUAL REPORT**

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at the District's specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

### **OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS**

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, the District's General Fund activities are reported as Governmental Activities and Hydroelectric Fund activities are reported as Business-type Activities.

## **Fund Financial Statements**

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

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

**Proprietary Funds.** Proprietary funds are reported in the fund financial statements and generally report services for which customers are charged a fee. The District uses two enterprise funds which essentially encompasses the same functions reported as business-type activities in the government-wide statements. One fund accounts for the services provided to a customer external to the District organization which is the hydro power sales to Moon Lake Electric Association and the other fund accounts for a water storage project.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for the major enterprise fund.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 50 of this report.

**Budgetary Comparisons.** The District adopts an annual appropriated budget for the General Fund, Hydroelectric Fund, and the Wolf Creek Reservoir Project Fund. A budgetary comparison statement has been provided for the General Fund on page 53 through 54, for the Hydroelectric Fund on pages 61 through 62, and for the Wolf Creek Reservoir Project Fund on pages 63 through 64 of this report.

**REPORTING THE DISTRICT AS A WHOLE**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2021 and 2022.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
<b>Assets</b>						
Current and other assets	\$ 1,588,447	\$ 1,535,091	\$ 491,729	\$4,016,973	\$ 2,080,176	\$ 5,552,064
Capital assets	<u>4,907,970</u>	<u>4,695,302</u>	<u>2,061,610</u>	<u>2,211,183</u>	<u>6,969,580</u>	<u>6,906,485</u>
Total assets	<u>6,496,417</u>	<u>6,230,393</u>	<u>2,553,339</u>	<u>6,228,156</u>	<u>9,049,756</u>	<u>12,458,549</u>
<b>Deferred Outflows</b>	<u>75,606</u>	<u>40,254</u>	<u>-</u>	<u>-</u>	<u>75,606</u>	<u>40,254</u>
<b>Liabilities</b>						
Current and other liabilities	58,891	47,525	6,832	6,011	65,723	53,536
Noncurrent liabilities	<u>168,273</u>	<u>18,517</u>	<u>-</u>	<u>-</u>	<u>168,273</u>	<u>18,517</u>
Total Liabilities	<u>227,164</u>	<u>66,042</u>	<u>6,832</u>	<u>6,011</u>	<u>233,996</u>	<u>72,053</u>
<b>Deferred Inflows</b>	<u>305,042</u>	<u>379,279</u>	<u>-</u>	<u>4,064,904</u>	<u>305,042</u>	<u>4,444,183</u>
<b>Net Position</b>						
Net investment						
Capital assets	4,907,970	4,695,302	2,061,610	2,211,183	6,969,580	6,906,485
Restricted	10,352	13,333	-	-	10,352	13,333
Unrestricted	<u>1,121,495</u>	<u>1,116,691</u>	<u>484,897</u>	<u>(53,942)</u>	<u>1,606,392</u>	<u>1,062,749</u>
Total net position	<u>\$ 6,039,817</u>	<u>\$ 5,825,326</u>	<u>\$2,546,507</u>	<u>\$2,157,241</u>	<u>\$ 8,586,324</u>	<u>\$ 7,982,567</u>

A significant portion of the District's net position represents unrestricted net position of \$1,062,749 which may be used to meet the ongoing obligations to patrons and creditors.

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

An additional \$13,333 of the District's net position represents resources that are subject to external restrictions on how they may be used. This is the TABOR emergency reserve.



The following table indicates the changes in net position.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2021	2022	2021	2022	2021	2022
<b>Revenues:</b>						
Program revenues:						
Charge for services	\$ 60,000	\$ 190,000	\$ 161,272	\$ 211,469	\$ 221,272	\$ 401,469
Capital grants and contributions	-	-	-	-	-	-
Operating grants and contributions	113,027	94,355	-	316,031	113,027	410,386
General revenues:						
General property taxes	148,723	140,797	-	-	148,723	140,797
Specific ownership tax	5,889	5,722	-	-	5,889	5,722
Investment earnings	1,458	6,673	790	33,849	2,248	40,522
Other	15,959	6,876	-	1,393	15,959	8,269
<b>Total revenues</b>	<b>345,056</b>	<b>444,423</b>	<b>162,062</b>	<b>562,742</b>	<b>507,118</b>	<b>1,007,165</b>
<b>Expenses:</b>						
General						
Government	616,967	609,326	-	-	616,967	609,326
Repairs and Maintenance	30,539	28,421	-	-	30,539	28,421
Building	20,255	21,167	-	-	20,255	21,167
Hydroelectric	-	-	552,785	602,312	552,785	602,312
Wolf Creek Reservoir Project	-	-	-	349,696	-	349,696
<b>Total expenses</b>	<b>667,761</b>	<b>658,914</b>	<b>552,785</b>	<b>952,008</b>	<b>1,220,546</b>	<b>1,610,922</b>
Increase (decrease) in net position	<u>\$(322,705)</u>	<u>\$ (214,491)</u>	<u>\$(390,723)</u>	<u>\$(389,266)</u>	<u>\$ (713,428)</u>	<u>\$(603,757)</u>

**Governmental Activities.** Governmental activities decreased the District's net position by \$214,491 in 2022. Key elements of this decrease are as follows:

Property taxes decreased by \$7,926 from 2021.

**Business-type Activities.** Business-type activities decreased the District's net position by \$389,266 in 2022. Key elements of this decrease are as follows:

Expenses exceeded revenues for the year.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental Fund.** Information about the District's governmental fund begins on page 15. This fund is accounted for using the modified accrual basis of accounting.

As of December 31, 2022, the total fund balance of the District's governmental fund was \$1,293,061. Approximately 99% of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) nonspendable deposit (\$1,991) and (2) a state-Constitution mandated emergency reserve (\$13,333). The District had Governmental revenues of \$444,425 and expenditures of \$539,362.

**Proprietary Fund.** Information about the District's proprietary fund begins on page 19. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2022, the total net position of the District's proprietary funds was \$2,157,241. Approximately 0% of this consists of unrestricted net position, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of net position is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) net investment in capital assets (\$2,211,183). The District had Proprietary revenues of \$211,469, expenses of \$952,008, investment income of \$33,849, miscellaneous revenue of \$1,393, and grants of \$316,031.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

**2022 General Fund Budget**

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 980,886	\$ -	\$ 980,886	\$ 1,387,998
Revenue and other financing sources	2,310,126	-	2,310,126	444,425
Expenditures and other financing uses	<u>(1,932,944)</u>	-	<u>(1,932,944)</u>	<u>(539,362)</u>
Ending Fund Balance	<u>\$ 1,358,068</u>	<u>\$ -</u>	<u>\$ 1,358,068</u>	<u>\$ 1,293,061</u>

Actual revenues and other financing sources were less than the budget by \$1,865,701. Grants were budgeted to be \$1,775,000 but received \$91,905 which was \$1,683,095 less than budgeted.

Actual expenditures and other financing uses were under budget by \$1,393,582. The difference includes professional fees being under budget by \$1,372,767 and capital outlay being under budget by \$17,000.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The District's net investment in capital assets for its governmental and business-type activities as of December 31, 2022 totaled \$4,695,302 and \$2,211,183, respectively (net of accumulated depreciation). This investment includes all land, buildings, and equipment.

The major capital asset events during the current fiscal year included an expenditure of \$271,197 for penstock improvements.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

**Long-term Debt.** During the year ended December 31, 2022, the District had no long-term debt.

## **ECONOMIC FACTORS AND OTHER MATTERS**

**Other Matters.** The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2023 budget:

- Continued research of the possibility of another water storage facility.
- Anticipated increase in power sales.
- Anticipated increase in property tax revenue.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 2252 E. Main St., Rangely, Colorado 81648.

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **FINANCIAL STATEMENTS**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**RIO BLANCO WATER CONSERVANCY DISTRICT**

STATEMENT OF NET POSITION  
December 31, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents, Note 2	\$ 196,500	\$ 220,902	\$ 417,402
Investments, Note 2	1,054,137	3,832,391	4,886,528
Accounts receivable	-	28,459	28,459
Interest receivable	264	-	264
Grants receivables	-	15,935	15,935
Property taxes receivable, Note 3	170,822	-	170,822
Internal balances, Note 11	87,694	(87,694)	-
Inventory	-	6,980	6,980
Deposits	1,991	-	1,991
Capital assets, nondepreciable, Note 4	2,441,450	-	2,441,450
Capital assets, net of accumulated depreciation, Note 4	2,253,852	2,211,183	4,465,035
Net pension asset	23,683	-	23,683
	<u>6,230,393</u>	<u>6,228,156</u>	<u>12,458,549</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows related to pensions	37,901	-	37,901
Deferred outflows related to OPEB	2,353	-	2,353
	<u>40,254</u>	<u>-</u>	<u>40,254</u>
<b>LIABILITIES</b>			
Accounts payable	37,199	-	37,199
Accrued liabilities	109	-	109
Employees compensated absences	10,217	6,011	16,228
Noncurrent liabilities	-	-	-
Net OPEB liability	18,517	-	18,517
	<u>66,042</u>	<u>6,011</u>	<u>72,053</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned tax revenue, Note 3	170,822	-	170,822
Deferred grant revenue	-	4,064,904	4,064,904
Deferred inflows related to pensions	201,899	-	201,899
Deferred inflows related to OPEB	6,558	-	6,558
	<u>379,279</u>	<u>4,064,904</u>	<u>4,444,183</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,695,302	2,211,183	6,906,485
Restricted for:			
Tabor emergencies, Note 8	13,333	-	13,333
Unrestricted	1,116,691	(53,942)	1,062,749
	<u>\$ 5,825,326</u>	<u>\$ 2,157,241</u>	<u>\$ 7,982,567</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2022

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>
FUNCTIONS/PROGRAMS			
Primary government			
Governmental activities			
General government	\$ 609,326	\$ 190,000	94,355
Repairs and maintenance	28,421	-	-
Building	21,167	-	-
	<u>658,914</u>	<u>190,000</u>	<u>94,355</u>
TOTAL GOVERNMENTAL ACTIVITIES			
Business-type activities			
Hydroelectric	602,312	211,469	-
Wolf Creek Reservoir Project	349,696	-	316,031
	<u>952,008</u>	<u>211,469</u>	<u>316,031</u>
TOTAL BUSINESS-TYPE ACTIVITIES			
TOTAL PRIMARY GOVERNMENT			
	<u>\$ 1,610,922</u>	<u>\$ 401,469</u>	<u>\$ 410,386</u>

General revenues:

Taxes:

  Property taxes

  Specific ownership tax

  Other taxes

Unrestricted investment earnings

Recreation user fees

Miscellaneous

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending



Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (324,971)	\$ -	\$ (324,971)
-	(28,421)	-	(28,421)
-	(21,167)	-	(21,167)
-	(374,559)	-	(374,559)
-	-	(390,843)	(390,843)
-	-	(33,665)	(33,665)
-	-	(424,508)	(424,508)
<u>\$ -</u>	<u>(374,559)</u>	<u>(424,508)</u>	<u>(799,067)</u>
	140,797	-	140,797
	5,722	-	5,722
	1,236	-	1,236
	6,673	33,849	40,522
	5,421	-	5,421
	219	1,393	1,612
	<u>160,068</u>	<u>35,242</u>	<u>195,310</u>
	(214,491)	(389,266)	(603,757)
	<u>6,039,817</u>	<u>2,546,507</u>	<u>8,586,324</u>
	<u>\$ 5,825,326</u>	<u>\$ 2,157,241</u>	<u>\$ 7,982,567</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUND  
December 31, 2022

	General
<b>ASSETS</b>	
Cash and cash equivalents, Note 2	\$ 196,500
Investments, Note 2	1,054,137
Interest receivable	264
Due from other fund, Note 11	87,694
Property taxes receivable, Note 3	170,822
Deposits	1,991
<b>TOTAL ASSETS</b>	<b>\$ 1,511,408</b>
<b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
Accounts payable	37,199
Accrued liabilities	109
Employees compensated absences	10,217
<b>TOTAL LIABILITIES</b>	<b>47,525</b>
<b>DEFERRED INFLOWS</b>	
Unearned tax revenue, Note 3	170,822
<b>TOTAL DEFERRED INFLOWS</b>	<b>170,822</b>
<b>FUND EQUITY</b>	
Fund balance	
Nonspendable:	
Deposits	1,991
Restricted:	
Labor emergencies, Note 8	13,333
Unassigned	1,277,737
<b>TOTAL FUND EQUITY</b>	<b>1,293,061</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,511,408</b>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
December 31, 2022**

Balance sheet - total fund balances		\$ 1,293,061
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.		4,695,302
Long-term assets and liabilities, including net pension liabilities and OPEB liabilities, are not due and payable, or receivable in the current period and, therefore, are not reported in the funds.		5,166
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	37,901	
Deferred outflows of resources related to OPEB	2,353	
Deferred inflows of resources related to pensions	(201,899)	
Deferred inflows of resources related to OPEB	<u>(6,558)</u>	
Net deferred outflows (inflows)		<u>(168,203)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 5,825,326</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUND  
For the Year Ended December 31, 2022**

	<u>General</u>
REVENUES	
Taxes	\$ 147,756
Interest	6,673
Grant	91,905
Miscellaneous	<u>198,091</u>
TOTAL REVENUES	<u>444,425</u>
EXPENDITURES	
Personnel services	109,623
Directors fees	3,450
Professional fees	379,733
Treasurer's fees	7,105
Publications and dues	2,540
Insurance	4,636
Miscellaneous	4,034
Repairs and maintenance	6,779
Supplies	4,924
Travel	4,438
Utilities	<u>12,100</u>
TOTAL EXPENDITURES	<u>539,362</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(94,937)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>1,387,998</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,293,061</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2022**

Net change in fund balances - total governmental funds	\$ (94,937)
Amounts reported for governmental activities in the statement of net activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$212,668) is more than capital outlays (\$0) in the current period.	(212,668)
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension income.	90,404
Governmental funds recognize District OPEB contributions as expenditures at the time of payment whereas the statement of activities factors in items related to OPEB on a full accrual perspective.	<u>2,710</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (214,491)</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2022

	Enterprise Funds		
	Hydroelectric	Wolf Creek Reservoir Project	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 4,324	\$ 216,578	\$ 220,902
Investments	-	3,832,391	3,832,391
Accounts receivable	28,459	-	28,459
Grants receivable	-	15,935	15,935
Inventory	6,980	-	6,980
Property, plant and equipment (net)	2,211,183	-	2,211,183
<b>TOTAL ASSETS</b>	<b>2,250,946</b>	<b>4,064,904</b>	<b>6,315,850</b>
<b>LIABILITIES</b>			
Employees compensated absences	6,011	-	6,011
Deferred revenue	-	4,064,904	4,064,904
Due to other fund	87,694	-	87,694
<b>TOTAL LIABILITIES</b>	<b>93,705</b>	<b>4,064,904</b>	<b>4,158,609</b>
<b>NET POSITION</b>			
Net investment in capital assets	2,211,183	-	2,211,183
Unrestricted	(53,942)	-	(53,942)
<b>TOTAL NET POSITION</b>	<b>\$ 2,157,241</b>	<b>\$ -</b>	<b>\$ 2,157,241</b>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUND

For the Year Ended December 31, 2022

	Enterprise Funds		
	Hydroelectric	Wolf Creek Reservoir Project	Total
POWER SALES	\$ 211,469	\$ -	\$ 211,469
TOTAL OPERATING REVENUES	<u>211,469</u>	<u>-</u>	<u>211,469</u>
OPERATING EXPENSES			
Administrative fee	190,000	-	190,000
Depreciation	121,624	-	121,624
Insurance	13,907	-	13,907
Professional fees	28,948	349,676	378,624
Memberships, fees and licenses	3,862	-	3,862
Telephone	2,423	-	2,423
Travel	115	-	115
Repair and maintenance	45,228	-	45,228
Salaries and benefits	182,526	-	182,526
Utilities	5,443	-	5,443
Diver inspection	7,780	-	7,780
Miscellaneous	456	20	476
TOTAL OPERATING EXPENSES	<u>602,312</u>	<u>349,696</u>	<u>952,008</u>
OPERATING INCOME (LOSS)	<u>(390,843)</u>	<u>(349,696)</u>	<u>(740,539)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income			
Interest revenue	184	33,665	33,849
Miscellaneous revenue	1,393	-	1,393
Grants	-	316,031	316,031
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,577</u>	<u>349,696</u>	<u>351,273</u>
CHANGE IN NET POSITION	<u>(389,266)</u>	<u>-</u>	<u>(389,266)</u>
NET POSITION, BEGINNING OF YEAR	<u>2,546,507</u>	<u>-</u>	<u>2,546,507</u>
NET POSITION, END OF YEAR	<u>\$ 2,157,241</u>	<u>\$ -</u>	<u>\$ 2,157,241</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 For the Year Ended December 31, 2022

	Hydroelectric
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 207,441
Cash payments for goods and services	(299,993)
Cash payments for employees and benefits	(181,516)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(274,068)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Grants	-
Miscellaneous revenue	1,393
Amounts received from General fund	63,718
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>65,111</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(271,197)
<b>NET CASH USED BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>(271,197)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	-
Investment income	192
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>192</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(479,962)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>484,286</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 4,324</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (390,843)
Adjustments to reconcile operating income (loss) to Net cash provided (used) by operating activities:	
Depreciation	121,624
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	(4,028)
Increase (decrease) in accounts payable	(1,831)
Increase (decrease) in employee compensated absences	1,010
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (274,068)</b>



Enterprise Funds	
Wolf Creek Reservoir Project	Total
\$ -	\$ 207,441
(349,696)	(649,689)
-	(181,516)
<u>(349,696)</u>	<u>(623,764)</u>
4,365,000	4,365,000
-	1,393
-	63,718
<u>4,365,000</u>	<u>4,430,111</u>
-	(271,197)
-	(271,197)
(3,832,391)	(3,832,391)
33,665	33,857
<u>(3,798,726)</u>	<u>(3,798,534)</u>
216,578	(263,384)
-	484,286
<u>\$ 216,578</u>	<u>\$ 220,902</u>
\$ (349,696)	\$ (740,539)
-	121,624
-	(4,028)
-	(1,831)
-	1,010
<u>\$ (349,696)</u>	<u>\$ (623,764)</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**NOTES TO THE FINANCIAL STATEMENTS**

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

The Rio Blanco Water Conservancy District was created on November 9, 1990, to replace the Water Users Association No. 1, a subdistrict of the Colorado River Water Conservation District.

A quasi-municipal corporation and a political subdivision of the State of Colorado, the District was created pursuant to state law, for the purpose of obtaining and holding water rights and developing, stabilizing and conserving supplies of water for domestic irrigation, flood control, aesthetics, recreation, municipal, industrial and other beneficial uses.

The financial statements of the Rio Blanco Water Conservancy District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles. The more significant of the District's accounting policies are described below.

**A. Financial Reporting Entity**

The District is governed by an appointed five member Board of Directors. The members are appointed by the District Court. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District since the District was not found to be financially accountable based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organizations' governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

**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 of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately for business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. 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 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Measurement focus, basis of accounting, and financial statement presentation, continued**

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

Property taxes, sales tax, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental fund:

**General Fund**

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes and charges for services. Expenditures include all costs associated with the daily operations of the District.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports the following major proprietary fund:

**Hydroelectric Fund**

The Hydroelectric Fund accounts for the operations and capital needs to provide hydroelectric power to Moon Lake Electric Association.

**Wolf Creek Reservoir Project Fund**

The Wolf Creek Reservoir Project Fund accounts for a water storage project taking water from the White River at or near the confluence of Wolf Creek and the White River in Rio Blanco County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**D. Budgets and Budgetary Accounting**

The District's Board of Directors follow these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the administrator submits to the District's Board of Directors a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain the taxpayers' comments.

Prior to December 15, the budget is legally enacted through passage of a resolution.

Formal budgetary integration is employed as a management control device during the year.

A budget is adopted for the General Fund and Enterprise Fund. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Appropriations lapse at the end of each calendar year.

The District's board members may authorize supplemental appropriations during the year. No supplemental appropriations were made during the year ended December 31, 2022.

Actual expenditures did exceed budget amounts by \$395,638 in the Hydroelectric Fund and \$349,696 in the Wolf creek Reservoir Project Fund which may be a violation of Colorado state statutes.

**E. Property Taxes**

Property taxes are levied on December 10 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

**F. Fixed Assets and Long-Term Liabilities**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, trails, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis, from 2004. Infrastructure prior to 2004 will not be capitalized. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The District does not have infrastructure.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. In 2022 no interest was capitalized.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**F. Fixed Assets And Long-Term Liabilities, continued**

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

	<u>Governmental</u>	<u>Hydroelectric</u>
Hydroelectric plant		50 years
Capitalized interest		9.6 years
Building	40 years	
Dam	50 years	
Other	7-20 years	
Land improvements		20 years
Equipment	3-10 years	3-5 years

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**G. Encumbrances**

The District does not use encumbrance accounting. Accordingly, no encumbrances have been recorded in the financial statements.

**H. Compensated Absences**

Employees are not paid for accrued sick leave upon termination of employment, therefore, sick pay is charged to the expenditure when taken. No provision has been made in the financial statements for unused sick leave.

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation which will be taken after year end or paid upon separation from service. Vacation leave is carried over from year to year to a maximum of two times each employee's annual vacation amount.

**I. Use of Estimates**

The presentation 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**J. Capitalization of Interest Costs**

The District followed the practice of capitalizing interest during construction of the hydroelectric plant in 1992 and 1993.

**K. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investment with a maturity of three months or less when purchased to be cash equivalents.

**L. Inventory**

Supply inventory of the Enterprise Fund is recorded at cost.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 2 - CASH AND INVESTMENTS**

The District’s bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority’s custodial banks under provisions of the Colorado Public Deposit Protection Act.

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

	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Cash Deposits			
Cash in checking account	\$ 23,214	\$ -	\$ 23,214
Cash in money market accounts	172,505	220,902	393,407
Cash in certificates of deposit	<u>638,241</u>	<u>-</u>	<u>638,241</u>
	<u>\$ 833,960</u>	<u>\$ 220,902</u>	<u>\$ 1,054,862</u>

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District’s investment policy is not more restrictive than State statutes. The District’s investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Investments for the District are reported at market value. Investments held are as follows:

<u>December 31, 2022</u>	<u>Cost</u>	<u>Market Value</u>
Colostrust	<u>\$ 4,248,288</u>	<u>\$ 4,248,288</u>

Included in cash and cash equivalents are amounts held in the Colorado Local Government Liquid Asset Trust (the Trust), and investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust offer shared in three portfolios, COLOTRUST Prime, COLOTRUST Plus+, and COLOTRUST EDGE. COLOTRUST Prime and COLOTRUST Plus+ operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST EDGE is a variable NAV fund managed to approximate a \$10.00 transactional share price, calculated and publishing a fair value NAV on a daily basis. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. At December 31, 2022, the District invested \$4,248,288 in COLOTRUST Plus+. The District’s investment in the COLOTRUST Plus+ is rated AAAM by S&P Global Ratings.



**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 2 - CASH AND INVESTMENTS, Continued**

**Summary of Cash**

	<u>General</u>	<u>Hydroelectric</u>	<u>Wolf Creek Reservoir Project</u>	<u>Total</u>
Cash and Cash Equivalents				
Cash on hand	\$ 345	\$ -	\$ -	\$ 345
Cash in checking accounts	23,214	-	-	23,214
Cash in money market accounts	172,505	4,324	216,578	393,407
Cash held by County	436	-	-	436
	<u>196,500</u>	<u>4,324</u>	<u>216,578</u>	<u>417,402</u>
Investments				
Cash in certificates of deposit	638,241	-	-	638,241
Colostrust	415,896	-	3,832,391	4,248,287
	<u>1,054,137</u>	<u>-</u>	<u>3,832,391</u>	<u>4,886,528</u>
<b>TOTAL CASH &amp; INVESTMENTS</b>	<u>\$ 1,250,637</u>	<u>\$ 4,324</u>	<u>\$ 4,048,969</u>	<u>\$ 5,303,930</u>

**NOTE 3 - PROPERTY TAXES**

Property taxes for 2021, collectible in 2022, are certified by the Board of Directors by December 15, 2021. Property taxes attached as an enforceable lien on January 1, 2022, are due in total April 30, 2022, or in equal installments February 28, 2022 and June 15, 2022 at the option of the taxpayer. The County Treasurer remits taxes collected to the District by the 10<sup>th</sup> day of the month following collection.

**Revenue Recognized in 2021**

Local property taxes levied in 2021 and collected in 2022 are recognized as revenue in these financial statements as shown below:

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes Levied</u>	<u>of Taxes Collected</u>	<u>Percent Collected</u>
General Fund	\$227,219,160	.623	\$ 141,558	\$140,797	99.5%

**Property Taxes Receivable and Unearned Revenue**

Local property taxes levied in 2022 but not collectible until 2023 are shown as property taxes receivable and unearned revenue on the balance sheet in the amount of the assessed taxes less estimated uncollectible amounts.

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Property Taxes Receivable</u>	<u>Deferred Revenue</u>
General Fund	\$274,192,770	.623	100.0%	\$ 170,822	\$ 170,822

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 4 - CAPITAL ASSETS**

**A. Governmental Activities**

A summary of changes in capital assets during the year ended December 31, 2022 is as follows:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Capital assets not being depreciated:				
Land	\$ 2,441,450	\$ -	\$ -	\$ 2,441,450
Total assets not being depreciated	<u>2,441,450</u>	<u>-</u>	<u>-</u>	<u>2,441,450</u>
Capital assets being depreciated:				
Buildings	150,567	-	-	150,567
Dam	9,449,346	-	-	9,449,346
Equipment	346,427	-	-	346,427
Land improvements	16,019	-	-	16,019
Other	628,086	-	-	628,086
Total assets being depreciated	<u>10,590,445</u>	<u>-</u>	<u>-</u>	<u>10,590,445</u>
Less accumulated depreciation:				
Buildings	(101,701)	(4,431)	-	(106,132)
Dam	(7,119,884)	(188,986)	-	(7,308,870)
Equipment	(262,726)	(17,608)	-	(280,334)
Land improvements	(15,253)	(141)	-	(15,394)
Other	(624,362)	(1,501)	-	(625,863)
Total accumulated depreciation	<u>(8,123,926)</u>	<u>(212,667)</u>	<u>-</u>	<u>(8,336,593)</u>
Total assets being depreciated, net	<u>2,466,519</u>	<u>(212,667)</u>	<u>-</u>	<u>2,253,852</u>
Governmental activities capital assets, net	<u>\$ 4,907,969</u>	<u>\$ (212,667)</u>	<u>\$ -</u>	<u>\$ 4,695,302</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 190,628
Repairs and maintenance	17,608
Building	<u>4,431</u>
Total depreciation expense – governmental activities	<u>\$ 212,667</u>

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 4 - CAPITAL ASSETS, Continued**

**B. Business-type Activities**

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Capitalized interest	255,959	-	-	255,959
Hydroelectric plant	4,938,067	271,197	-	5,209,264
Land improvements	15,612	-	-	15,612
Equipment	90,407	-	-	90,407
Total assets being depreciated	5,300,044	271,197	-	5,571,241
Less accumulated depreciation:				
Capitalized interest	(255,959)	-	-	(255,959)
Hydroelectric plant	(2,900,934)	(117,582)	-	(3,018,516)
Land improvements	(14,840)	(421)	-	(15,261)
Equipment	(66,702)	(3,621)	-	(70,322)
Total accumulated depreciation	(3,238,434)	(121,624)	-	(3,360,058)
Total assets being depreciated, net	2,061,610	149,573	-	2,211,183
Business-type activities capital assets, net	<u>\$ 2,061,610</u>	<u>\$ 149,573</u>	<u>\$ -</u>	<u>\$ 2,211,183</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Business-type activities:

Hydroelectric/Total depreciation expense – business-type activities \$ 121,624

**NOTE 5 - DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

*Pensions.* Rio Blanco Water Conservancy District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (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.

**NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued**

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the Rio Blanco Water Conservancy 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 (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of December 31, 2021.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

The 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% 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% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued**

**General Information about the Pension Plan, continued**

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

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 as of December 31, 20221.* Eligible employees and Rio Blanco Water Conservancy 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 January 1, 2022 through December 31, 2022 are summarized in the table below:

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

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

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

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employer contribution rate	10.50%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	9.48%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.03%	0.03%
<b>Total employer contribution rate to the LGDTF</b>	<b>13.21%</b>	<b>13.71%</b>

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

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued**

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

The employer contribution requirements for State Troopers are summarized in the table below:

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employer contribution rate	13.60%	14.10%
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)%
Amount apportioned to the LGDTF	12.58%	13.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.03%	0.03%
<b>Total employer contribution rate to the LGDTF</b>	<b>16.31%</b>	<b>16.81%</b>

\*\*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 Rio Blanco Water Conservancy District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Rio Blanco Water Conservancy District were \$29,034 for the year ended December 31, 2022.

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

At December 31, 2022, the Rio Blanco Water Conservancy District reported an asset of \$23,683 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension asset (TPA) used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the TPA to December 31, 2021. The Rio Blanco Water Conservancy District proportion of the net pension asset was based on Rio Blanco Water Conservancy District contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021 the Rio Blanco Water Conservancy District proportion was 0.027623%, which was a decrease of 0.000722 from its proportion measured as of December 31, 2020.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued**

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

For the year ended December 31, 2022, the Rio Blanco Water Conservancy District recognized pension income of \$90,404. At December 31, 2022, the Rio Blanco Water Conservancy District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,157	\$ 396
Changes of assumptions or other inputs	8,028	-
Net difference between projected and actual earnings on pension plan investments	-	204,867
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(318)	(3,364)
Contributions subsequent to the measurement date	29,034	N/A
<b>Total</b>	<b>\$ 37,901</b>	<b>\$ 201,899</b>

\$29,034 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 ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	
2023	\$ (44,078)
2024	(77,709)
2025	(47,054)
2026	(24,191)
2027	-
Thereafter	-

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued**

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

*Actuarial assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20% – 11.30%
State Troopers	3.20% - 12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	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)	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

<sup>1</sup> Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPA as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

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 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 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.



**NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued**

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

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.

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

The actuarial assumptions used in the December 31, 2020, valuations 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 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.

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% 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:

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

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

*Discount rate.* The discount rate used to measure the TPA 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%.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 5 - DEFINED BENEFIT PENSION PLAN, Continued**

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and method, the LGDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPA. 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 Rio Blanco Water Conservancy 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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability (asset)	\$ 162,388	\$ (23,683)	\$ (179,324)

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

**NOTE 6 – DEFINED BENEFIT OTHER POSTEMPLOYMENT (OPEB) PLAN****Summary of Significant Accounting Policies**

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

**General Information about the OPEB Plan**

*Plan description.* Eligible employees of the Rio Blanco Water Conservancy 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 (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. 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 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.

# RIO BLANCO WATER CONSERVANCY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

### **NOTE 6 – DEFINED BENEFIT OTHER POST EMPLOYMENT (OPEB) PLAN, Continued**

#### **General Information about the OPEB Plan, 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 basis for 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% 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% 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 Rio Blanco Water Conservancy District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Rio Blanco Water Conservancy District were \$2,200 for the year ended December 31, 2022.

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

At December 31, 2022, the Rio Blanco Water Conservancy District reported a liability of \$18,517 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 (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The Rio Blanco Water Conservancy District proportion of the net OPEB liability was based on Rio Blanco Water Conservancy District contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Rio Blanco Water Conservancy District proportion was 0.002147%, which was a decrease of 0.000017% from its proportion measured as of December 31, 2020.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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

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

For the year ended December 31, 2022, the Rio Blanco Water Conservancy District recognized OPEB income of \$2,710. At December 31, 2022, the Rio Blanco Water Conservancy District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 28	\$ 4,391
Changes of assumptions or other inputs	383	1,004
Net difference between projected and actual earnings on OPEB plan investments	-	1,146
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(258)	17
Contributions subsequent to the measurement date	2,200	N/A
<b>Total</b>	<b>\$ 2,353</b>	<b>\$ 6,558</b>

\$2,200 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (income) expense as follows:

<b>Year ended December 31:</b>	
2023	\$ (2,135)
2024	(1,608)
2025	(1,547)
2026	(884)
2027	(202)
Thereafter	(29)

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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

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

*Actuarial assumptions.* The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%- 10.90%	3.40%- 11.00%	3.20%- 11.30%	2.80%-5.30%
State Troopers	3.20%- 12.40%	N/A	3.20%- 12.40%	N/A
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			4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029	
Medicare Part A premiums			3.75% in 2021, 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	

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing costs between employers of each fund to that point.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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

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

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, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members Without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2020, 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 that were used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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.

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

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

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

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.

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



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

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

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

- 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 2021 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 PERA Board’s actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, 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 PERA Board at their November 18, 2020, meeting.

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.

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.

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:

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

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

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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

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

*Sensitivity of the Rio Blanco Water Conservancy 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	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 17,985	\$ 18,517	\$ 19,133

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, 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 used by the plan 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% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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

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

*Sensitivity of Rio Blanco Water Conservancy 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%, 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 21,505	\$ 18,517	\$ 15,964

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

**NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN**

Voluntary Investment Program

*Plan Description* - Employees of the Rio Blanco Water Conservancy 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 provision to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions of up to the maximum limit set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Rio Blanco Water Conservancy District has agreed to match employee contributions up to 3% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2022, program members contributed \$14,027 and Rio Blanco Water Conservancy District recognized pension expense of \$5,708 for the Volunteer Investment Program.

**NOTE 8 - CONTINGENCIES**

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 revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required.

The District has no authorized but unissued debt subject to the amendment's limitations. Based on fiscal year spending for 2022, \$13,333 of the year-end fund balance in the General Fund will be reserved for emergencies.

**RIO BLANCO WATER CONSERVANCY DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 8 – CONTINGENCIES, Continued**

In May, 1996, the registered voters of the Rio Blanco Water Conservancy District voted to allow the District to collect, retain and expend all revenues and other funds collected in 1996 and each subsequent year thereafter, for capital projects and other municipal services without limiting in any year the amount of the other revenues that may be collected and expended by the Rio Blanco Water Conservancy District in excess of the limits of Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Claims made against the District and losses incurred by the District are covered by commercial insurance for all major areas. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for any of the three preceding years.

**NOTE 10 - ECONOMIC DEPENDENCY**

All of the District's power sales are to one customer.

**NOTE 11 - DUE TO/DUE FROM OTHER FUNDS**

All payments for the District are paid through a General Fund bank account. Some payments relate to the Hydroelectric Fund and are periodically reimbursed to the General Fund. Individual fund interfund receivable and payable balances as of December 31, 2022, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Hydroelectric	\$ 87,694

**NOTE 12 – COMMITTED FUND BALANCE**

Beginning with the fiscal year 2010, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure of which any could be used.

**NOTE 13 – REPORTING FOR PENSIONS**

Beginning in 2015, financial reporting information pertaining to the District's participation in Public Employees' Retirement Association of Colorado (PERA) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date*.

**NOTE 14 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through July 25, 2023, the date at which the financial statements were available to be issued, and determined that an event have occurred that require disclosure. In early 2023, unauthorized transfers out occurred in one of the Colotruster account for a total of \$3,300,000. A total of \$1,799,954 of those fund have been returned. The investigation is still ongoing.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**REQUIRED SUPPLEMENTARY INFORMATION**

**RIO BLANCO WATER CONSERVANCY DISTRICT**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2022**

	Budget	
	Original	Final
<b>REVENUES</b>		
Taxes	\$ 144,376	\$ 144,376
Interest	2,250	2,250
Grant	1,775,000	1,775,000
Miscellaneous	198,500	198,500
Tranfers in	190,000	190,000
<b>TOTAL REVENUES</b>	<b>2,310,126</b>	<b>2,310,126</b>
<b>EXPENDITURES</b>		
Personnel services	112,305	112,305
Directors fees	4,500	4,500
Professional fees	1,752,500	1,752,500
Treasurer's fees	7,500	7,500
Publications and dues	2,550	2,550
Insurance	4,739	4,739
Repairs and maintenance	8,500	8,500
Supplies	6,500	6,500
Travel	2,000	2,000
Utilities	11,250	11,250
Miscellaneous	3,600	3,600
Capital outlay	17,000	17,000
<b>TOTAL EXPENDITURES</b>	<b>1,932,944</b>	<b>1,932,944</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>377,182</b>	<b>377,182</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>980,886</b>	<b>980,886</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,358,068</b>	<b>\$ 1,358,068</b>



<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
\$ 147,756	\$ 3,380
6,673	4,423
91,905	(1,683,095)
198,091	(409)
-	(190,000)
444,425	(1,865,701)
109,623	2,682
3,450	1,050
379,733	1,372,767
7,105	395
2,540	10
4,636	103
6,779	1,721
4,924	1,576
4,438	(2,438)
12,100	(850)
4,034	(434)
-	17,000
539,362	1,393,582
(94,937)	(472,119)
1,387,998	(407,112)
\$ 1,293,061	\$ (879,231)

See the accompanying independent auditors' report

**RIO BLANCO WATER CONSERVANCY DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA PENSION PLAN  
Last 10 Fiscal Years

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
12/31/2014	0.033%	\$ 271,661	\$ 178,543	152%	81.8%
12/31/2015	0.033%	292,048	192,994	151%	80.7%
12/31/2016	0.034%	374,343	188,022	199%	76.9%
12/31/2017	0.031%	418,880	164,858	254%	73.6%
12/31/2018	0.026%	290,805	176,358	165%	79.4%
12/31/2019	0.027%	338,044	196,684	172%	76.0%
12/31/2020	0.029%	208,893	200,088	104%	86.3%
12/31/2021	0.028%	147,713	205,542	72%	90.9%
12/31/2022	0.028%	(23,683)	215,732	-11%	101.5%

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

\* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

**RIO BLANCO WATER CONSERVANCY DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PERA PENSION PLAN  
Last 10 Fiscal Years**

<u>FY Ending December 31</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2013	\$ 22,332	\$ 22,332	\$ -	\$ 176,121	12.68%
2014	22,639	22,639	-	178,543	12.68%
2015	24,472	24,472	-	192,994	12.68%
2016	23,841	23,841	-	188,022	12.68%
2017	20,904	20,904	-	164,858	12.68%
2018	22,362	22,362	-	176,358	12.68%
2019	24,940	24,940	-	196,684	12.68%
2020	25,874	25,874	-	200,088	12.93%
2021	27,132	27,132	-	205,542	13.20%
2022	29,034	29,034	-	215,732	13.46%

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

See the accompanying independent auditors' report

**RIO BLANCO WATER CONSERVANCY DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PERA OPEB PLAN  
Last 10 Fiscal Years**

Year Ended*	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Actual Covered Payroll	Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total OPEB Liability
12/31/2017	0.002%	\$ 30,874	\$ 164,858	19%	16.7%
12/31/2018	0.002%	26,390	176,358	15%	17.5%
12/31/2019	0.002%	28,370	196,684	14%	17.0%
12/31/2020	0.002%	24,587	200,088	12%	24.5%
12/31/2021	0.002%	20,560	205,542	10%	32.8%
12/31/2022	0.002%	18,517	215,732	9%	39.4%

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

\* The data provided in the schedule is based as of the measurement date of PERA's net OPEB liability, which is as of the calendar year end that occurred before the District's fiscal year end.

See the accompanying independent auditors' report

**RIO BLANCO WATER CONSERVANCY DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PERA OPEB PLAN  
Last 10 Fiscal Years**

<u>FY Ending December 31</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2017	\$ 1,682	\$ 1,682	\$ -	\$ 164,858	1.02%
2018	1,799	1,799	-	176,358	1.02%
2019	2,006	2,006	-	196,684	1.02%
2020	2,041	2,041	-	200,088	1.02%
2021	2,097	2,097	-	205,542	1.02%
2022	2,200	2,200	-	215,732	1.02%

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

See the accompanying independent auditors' report

**THIS PAGE INTENTIONALLY LEFT BLANK**

**SUPPLEMENTARY INFORMATION**

**RIO BLANCO WATER CONSERVANCY DISTRICT**

BUDGETARY COMPARISON SCHEDULE  
 HYDROELECTRIC FUND  
 For the Year Ended December 31, 2022

	Budget	
	Original	Final
<b>REVENUES</b>		
Power sales	\$ 480,000	\$ 480,000
Interest income	1,500	1,500
Miscellaneous revenue	-	-
	481,500	481,500
<b>EXPENSES</b>		
Administrative fee	-	-
Insurance	14,718	14,718
Professional fees	66,750	66,750
Memberships, fees and licenses	6,000	6,000
Telephone	3,000	3,000
Travel	3,500	3,500
Repair and maintenance	34,500	34,500
Salaries and benefits	189,529	189,529
Supplies	2,750	2,750
Utilities	5,000	5,000
Diver inspection	13,000	13,000
Vehicle	500	500
Miscellaneous	17,000	17,000
Capital outlay	-	-
	356,247	356,247
<b>TOTAL EXPENSES</b>	<b>356,247</b>	<b>356,247</b>
<b>NET CHANGE IN POSITION</b>	<b>125,253</b>	<b>125,253</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>835,183</b>	<b>835,183</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 960,436</b>	<b>\$ 960,436</b>

**RECONCILIATION FROM BUDGET BASIS EXPENDITURES (NON-GAAP) TO GAAP**

Add:

    Capital outlay

Subtract:

    Depreciation

**NET POSITION, END OF YEAR GAAP BASIS**



<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
\$ 211,469	\$ (268,531)
184	(1,316)
<u>1,393</u>	<u>1,393</u>
<u>213,046</u>	<u>(268,454)</u>
190,000	(190,000)
13,907	811
28,948	37,802
3,862	2,138
2,423	577
115	3,385
45,228	(10,728)
182,526	7,003
-	2,750
5,443	(443)
7,780	5,220
-	500
456	16,544
<u>271,197</u>	<u>(271,197)</u>
<u>751,885</u>	<u>(395,638)</u>
(538,839)	(664,092)
<u>2,546,507</u>	<u>(1,711,324)</u>
2,007,668	<u>\$ (2,375,416)</u>
271,197	
<u>(121,624)</u>	
<u>\$ 2,157,241</u>	

**RIO BLANCO WATER CONSERVANCY DISTRICT**

**BUDGETARY COMPARISON SCHEDULE  
WOLF CREEK RESERVOIR PROJECT FUND  
For the Year Ended December 31, 2022**

	Budget	
	Original	Final
<b>REVENUES</b>		
Interest income	\$ -	\$ -
Miscellaneous revenue	-	-
	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<hr/> -	<hr/> -
<b>EXPENSES</b>		
Professional fees	-	-
Miscellaneous	-	-
	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<hr/> -	<hr/> -
<b>NET CHANGE IN POSITION</b>	-	-
<b>NET POSITION, BEGINNING OF YEAR</b>	<hr/> -	<hr/> -
<b>NET POSITION, END OF YEAR</b>	<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>

**RECONCILIATION FROM BUDGET BASIS EXPENDITURES (NON-GAAP) TO GAAP**

Add:

    Capital outlay

Subtract:

    Depreciation

**NET POSITION, END OF YEAR GAAP BASIS**

Actual Amounts	Variance From Final Budget
\$ 33,665	\$ 33,665
<u>316,031</u>	<u>316,031</u>
<u>349,696</u>	<u>349,696</u>
349,676	(349,676)
<u>20</u>	<u>(20)</u>
<u>349,696</u>	<u>(349,696)</u>
-	-
-	-
-	<u>\$ -</u>
-	
-	
<u>\$ -</u>	

# RIO BLANCO WATER CONSERVANCY DISTRICT

GRAPH I - HYDRO POWER SALES  
For the Years Ended December 31

