



FINANCIAL STATEMENTS

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Carbon Valley Parks and Recreation District
Weld County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Carbon Valley Parks and Recreation District (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Carbon Valley Parks and Recreation District as of December 31, 2023, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Carbon Valley Parks and Recreation District, and to meet our 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 the 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-v, and budgetary comparison schedules, schedule of proportionate share of the net pension liability, schedule of district contributions, schedule of net OPEB liability and schedule of district OPEB contributions on pages 41-47 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 (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule – capital improvement projects fund, schedule of debt service requirements and schedule of assessed valuation, mill levy and property taxes collected are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule – capital improvement projects fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The schedule of debt service requirements and schedule of assessed valuation, mill levy and property taxes collected has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Logan and Associates, LLC

Aurora, Colorado
June 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the report for the Carbon Valley Parks & Recreation District (the District), the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the calendar year ended December 31, 2023. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2023 Financial Highlights

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$16,793,890 (total net position) for the calendar year reported.

Total net position is comprised of the following:

- 1) Net investment in capital assets, of \$12,466,827 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - i) Capital assets include but are not limited to: Recreation Center, Fleet Vehicles, large equipment.
 - 2) Net position of \$895,578 is restricted by constraints imposed from outside the District such as debt covenants, grantors, laws, or regulations.
 - 3) Unrestricted net position of \$3,431,485 represents the net position that does not have any third-party limitations on their use.
- The District's governmental funds reported total ending fund balance of \$8,238,237 this year. This compares to the prior year ending fund balance of \$8,563,375 showing a decrease of \$325,138 during the current year.
 - At the end of 2023, the fund balance in the General Fund was \$6,055,303 a decrease of \$752,008. The decrease is primarily due to the use of funds for the construction of the CVPRD Community Center. The district received funds for that project from a lease in 2022.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior calendar year.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all activities of the District. Governmental activities are normally supported by taxes, intergovernmental revenue, fees, and charges.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred outflows, and liabilities and deferred inflows of the District being reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue include 1) charges to customers or applicants 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 revenue are reported instead as general revenue.

An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

The government-wide financial statements are presented on pages 1 & 2 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. The District has one type of fund:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is quite different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of

the year. They are useful in evaluating annual financing requirements of programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 3 to 6 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 7 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. This section includes schedules required by GASB 68 and GASB 75. The schedules of the District's proportionate share of PERA's net pension liability and PERA's net OPEB liability and the schedules of employer contributions for both plans can be found on pages 46 to 49 of this report.

Supplementary Information

Budgetary comparison schedule for the District's Capital Improvements Projects Fund can be found on page 51 of this report.

Other Information

Schedules of future debt service requirements for the District's long-term obligations as well as a history of the District's assessed valuation, mill levies, and property taxes collected can be found on pages 52 to 53 of this report.

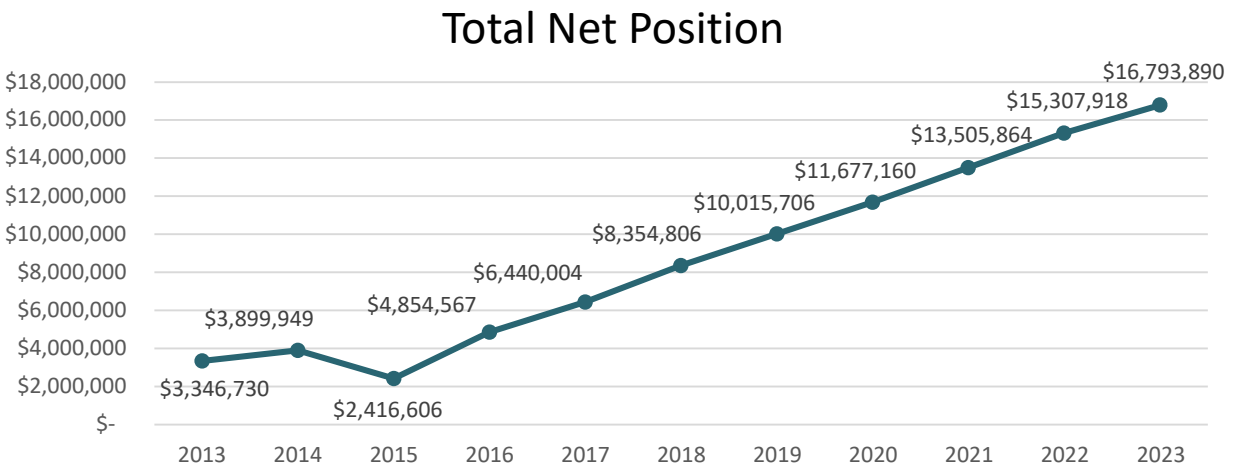
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position at calendar year-end is \$16,793,890. The following table provides a summary of the District's net position:

Carbon Valley Parks and Recreation District Summary of Net Position

	2023	2022
Assets		
Current and Other Assets	\$ 14,108,319	\$ 13,504,428
Capital Assets	12,466,827	10,213,235
Total assets	<u>26,575,146</u>	<u>23,717,663</u>
Deferred Outflows of Resources	<u>1,610,825</u>	<u>488,154</u>
Liabilities		
Long-term liabilities	5,203,673	2,777,671
Other Liabilities	493,751	199,419
Total Liabilities	<u>5,697,424</u>	<u>2,977,090</u>
Deferred Inflows of Resources	<u>5,694,657</u>	<u>5,920,809</u>
Net position		
Net Investment in Capital Asset	12,466,827	7,763,235
Restricted	895,578	544,802
Unrestricted	<u>3,431,485</u>	<u>6,999,881</u>
Total net position	<u>\$ 16,793,890</u>	<u>\$ 15,307,918</u>

The following chart reports the total net position balances from fiscal year 2013 - 2023:



The District reported positive balances in net position for governmental activities. During fiscal year 2023, net position increased \$1,485,972 for governmental activities.

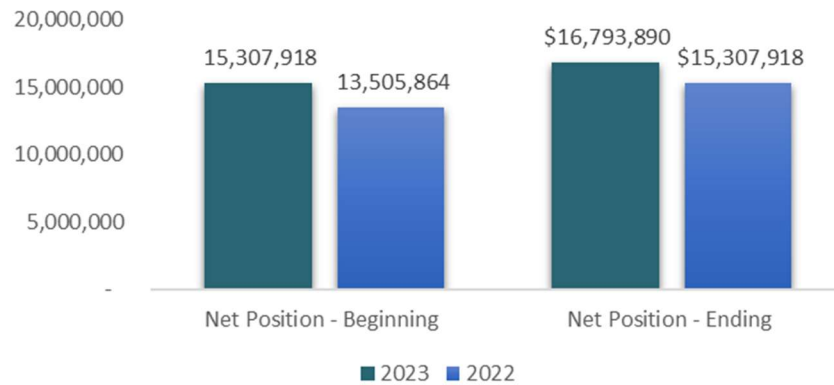
Note that approximately 46.9% of the governmental activities' total assets are tied up in capital assets (with 82.6% of the capital asset cost being depreciable). The District uses these capital assets to provide services to its citizens.

The following table provides a summary of the District's changes in net position:

Summary of Changes in Net Position

Revenues	2023	2022
Program revenues		
Fees and Charge for Services	\$ 1,811,365	\$ 1,644,333
Operating Grants and Contributions	511,556	408,452
General Revenues		
Property taxes	4,418,666	3,302,821
Specific ownership taxes	253,879	245,272
Investment Income	377,307	91,711
Other	2,857	47,673
PERA Pension Income Adj.	-	1,227,969
Total revenues	<u>7,375,630</u>	<u>6,968,231</u>
Expenses		
Administration	1,802,075	1,572,646
Maintenance	858,310	757,167
Swimming pool, Recreation and Sports Programs	3,148,151	2,699,077
Interest and Long Term Debt	81,122	137,287
Total expenses	<u>5,889,658</u>	<u>5,166,177</u>
Change in Net Position	1,485,972	1,802,054
Net Position - Beginning	<u>15,307,918</u>	<u>13,505,864</u>
Net Position - Ending	<u>\$ 16,793,890</u>	<u>\$ 15,307,918</u>

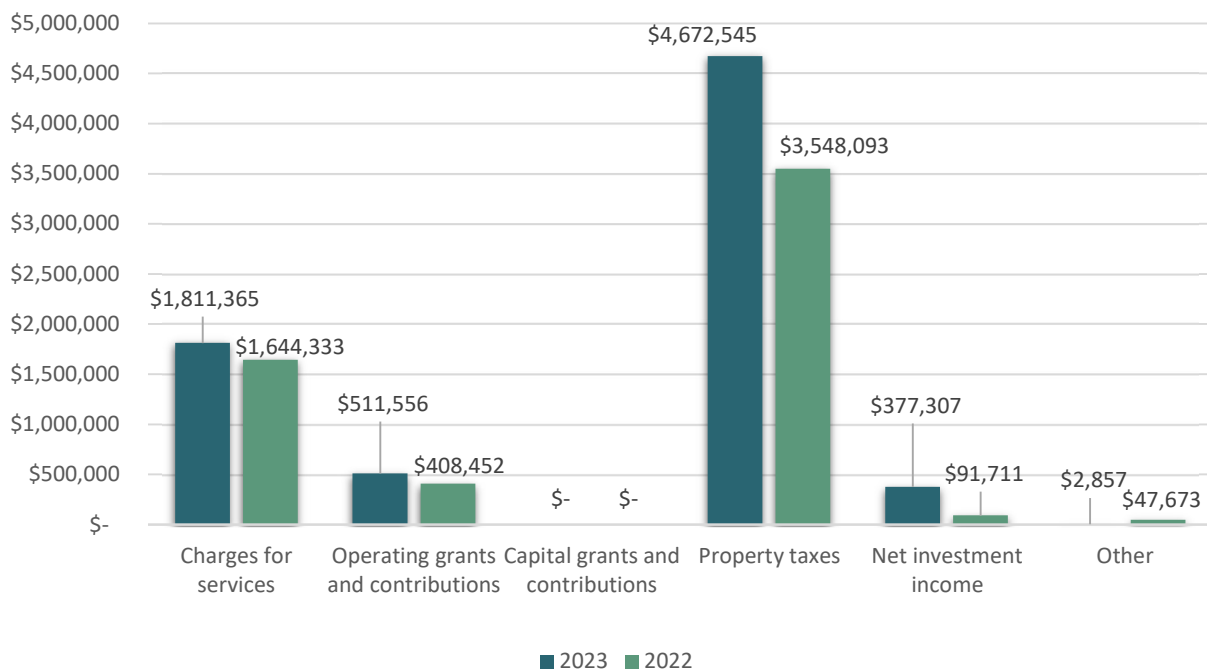
Change in Net Position 2023 vs 2022



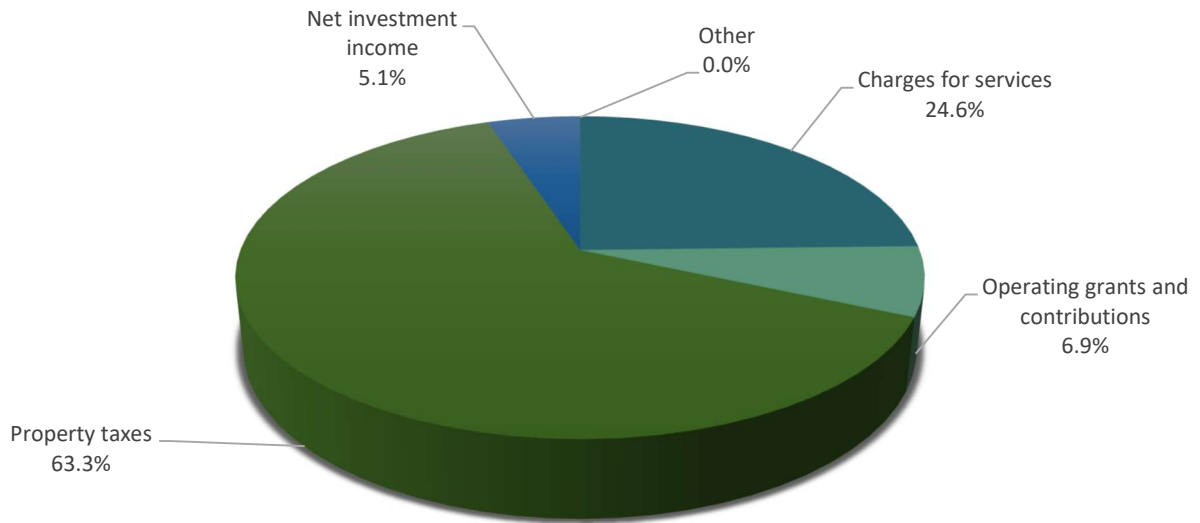
Governmental Activity Revenues

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 63.3% of the District's total revenues as compared to 61.8% in calendar year 2022. Note that program revenues covered 39.4% of governmental operating expenses as compared to 40.8% in calendar year 2022.

Governmental Activities Revenues



2023 Governmental Activities



Governmental Activity Expenses

The following table presents the cost of each of the District's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the amount District's taxpayers help subsidize each of these functions.

	Total Cost of Services	Program Revenues	Net Cost of Services	Net Costs Funded by Program Revenues
Administration	\$ 1,802,075	\$ 228,040	\$ (1,574,035)	12.7%
Maintenance	\$ 858,310	-	\$ (858,310)	0.0%
Swimming Pool, Recreation and Sports Programs	3,148,151	2,094,881	\$ (1,053,270)	66.5%
Interest and Related Charges on Long-term Debt	81,122	-	\$ (81,122)	0.0%
	<u>\$ 5,889,658</u>	<u>\$ 2,322,921</u>	<u>\$ (3,566,737)</u>	<u>39.4%</u>

The swimming pool, recreation and sports programs functions are the highest cost functions, primarily because this area accounts for the normal day-to-day operations of the District, resulting in \$3,148,151.

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$8,238,237 compared to the \$8,563,375 on December 31, 2022.

Of this year-end total, legally restricted fund balances are \$895,578. This includes the amount of \$664,808 for capital projects from the Conservation Trust Fund and the money set aside to meet the TABOR emergency reserve requirements, or \$230,770.

Assigned fund balance totals \$3,087,781. Included in this amount is \$1,282,618 for contingencies and subsequent year's expenditures, and \$1,805,163 for capital improvements.

The total ending fund balances of governmental funds show a decrease of \$325,138 from the prior year.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund and the only source of day-to-day services delivery for the District. The General Fund's fund balance decreased by \$752,008 in 2023, or -11.05% as compared to a 62.43% increase in calendar year 2022. This decrease is primarily due to the use of loan proceeds that were collected in 2022 but not spent until 2023 for the construction of the CVPRD Community Center.

Total property tax revenues are \$4,672,545 in 2023, increasing 31.69% compared to \$3,548,093 collected in 2022.

Charges for services, which include program and recreation revenue, increased \$167,032 in 2023 due to the District's facilities and programs continued growth that has been occurring over the past couple of years.

Net investment income increased by \$285,596 due to the increase in interest rates over the course of 2023.

Total administrative expenditures increased by \$124,546 in 2023. Within the maintenance function, total expenditures increased \$40,131. Program and recreation expenditures increased \$55,487 and \$243,704, respectively. The increase in all departments was due to increased participation in programming and in the recreation center in general. Part of the expenditure increase also included staff salary changes that were increased to meet market rates.

A brief discussion of the other major governmental funds follows:

Special Revenue – Conservation Trust Fund – This fund is used to account for conservation trust revenues and expenditures incurred for eligible costs. The District uses these funds to invest in capital improvements to the District's facilities and fixed asset items. In 2023, the Conservation Trust Fund received \$283,516 in lottery fund income. This increased \$35,065 over 2022, the amount received is based on the population of the district. As the population increases so with the income from the lottery fund.

In 2023, the District utilized Conservation Trust Fund funds to add circuit equipment at the Recreation Center. The ending fund balance is \$664,808.

Capital Improvements Project Fund – The Capital Improvements Project Fund was created in 2018 by transferring some of the General Fund’s fund balance to utilize and account for capital projects for the District. This fund is used to account for the accumulation of resources for the design, construction, and improvements of various individual capital projects of the District. In 2023, the District transferred \$2,757,000 from the General Fund to the Capital Improvements Projects Fund and the fund reports an ending balance of \$1,518,126.

During the year, \$2,701,022 was spent on the following projects:

- Recreation Center – Expansion Feasibility - \$36,995
- Recreation Center – Kidzone Remodel - \$42,997
- Recreation Center – Front Entrance Remodel - \$680,889
- Senior Center – New Senior Center - \$1,940,142
 - Please note the Senior Center project will continue into 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue from property taxes was \$32,859 less than budgeted for 2023. Specific ownership taxes were \$13,212 less than budgeted for 2023. In general, the District collected more property tax in 2023 than in 2022. This is due to the prices of oil/gas which play a large part in the amount of taxes the district collects, as we get taxes from wells within our boundaries. Intergovernmental revenues were \$41,637 less than budgeted. Charges for services revenues exceed the budget by \$422,879.

The expenditures for the administrative department were under budget by \$211,793. The program department came in \$97,213 under budget. The recreation department came in \$275,937 over budget. Finally, the maintenance department came in \$350,015 under budget.

In total, the District under spent the final expenditure budget for the general fund by \$334,613.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2023, was \$12,466,827. See Note 3 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

Capital Assets

	2023	2022
Non-depreciable assets:		
Land	\$ 175,847	\$ 175,847
Construction in Process	1,996,904	112,290
Total non-depreciable	2,172,751	288,137
Depreciable assets:		
Buildings and improvements	14,890,567	14,154,151
Equipment	684,624	616,602
Vehicles	268,218	319,427
Total depreciable assets	15,843,409	15,090,180
Less accumulated depreciation	5,549,333	5,165,082
Book value - depreciable assets	10,294,076	9,925,098
Percentage not depreciated	65.0%	65.8%
Total book value	\$ 12,466,827	\$ 10,213,235

The various capitalized additions to governmental activities capital assets of \$3,434,074 include:

- Building and Improvements – Recreation Center - \$736,416
- Equipment - Mini Split - \$11,719
- Equipment - Nautilus Multi-Station - \$13,052
- Equipment - Snowplow - \$5,813
- Equipment - Playground and Flooring - \$40,869
- Equipment - Adductor/abductor Machine - \$5,175
- Construction in Progress – Senior Center - \$2,621,030

Additional information on the District’s capital assets can be found in Note 3 of the financial statements.

Long-term Debt

The following table reports debt balances on December 31, 2023 and 2022.

Long-Term Debt

	2023	2022
Senior Center Loan - 2022	\$ 2,320,000	\$ 2,450,000
Compensated Absences	\$ 85,550	\$ 69,237
	<u>2,405,550</u>	<u>2,519,237</u>

See Note 5 for additional information about the District's long-term debt.

ECONOMIC CONDITIONS EFFECTING THE DISTRICT AND NEXT YEAR'S BUDGET AND RATES

The District is in a strong financial position. Since 2013, the District has experienced unprecedented residential growth. The open land available for development has resulted in residential development increasing in the District. With the increase in property development and property values the District should anticipate an increase in property tax revenues from residential. However, with the decrease in oil prices over the past year, Weld County is predicting a decrease in property tax revenue from oil and gas which accounts for much of the revenue the District receives. With the increase in population, we expect an increase in memberships and use of District facilities. With this in mind, the District has invested in additional space and opened the Carbon Valley Community Center at the beginning of 2024.

Maintaining fund balances is critical to the financial health of the District. Based on TABOR the District will continue to hold 3% of revenues in fund balance, in addition, the Board of Directors have decided to set aside more funds in another account that will allow the District to continue operations longer if needed. A specified amount will be designated in fund balance to assign funds for these future expenditures. The Board of Directors will appropriate the funds in the years needed through resolution.

The District will continue to create a long-term capital improvement plan to maintain and improve current District facilities by transferring additional revenues from the General Fund to the Capital Improvement Projects Fund.

Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional information, contact the District's Finance Department at Carbon Valley Parks and Recreation District, 151 Grant Ave, Firestone, CO 80520. Carbon Valley Parks and Recreation District mailing address 701 5th St. Frederick, CO 80530.

BASIC FINANCIAL STATEMENTS

CARBON VALLEY PARKS AND RECREATION DISTRICT

STATEMENT OF NET POSITION
December 31, 2023

ASSETS	
Cash and Investments	\$ 7,610,253
Restricted Cash and Investments	664,808
Receivables	
County Treasurer	18,655
Property Taxes	5,604,702
Prepaid Expenses	191,619
Right-to-Use Leased Asset, Net of Accumulated Amortization	18,282
Capital Assets, Not Depreciated	2,172,751
Capital Assets, Depreciated Net of Accumulated Depreciation	<u>10,294,076</u>
 TOTAL ASSETS	 <u>26,575,146</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	1,505,102
Related to OPEB	<u>105,723</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>1,610,825</u>
LIABILITIES	
Accounts Payable	193,226
Accrued Salaries and Benefits	51,872
Unearned Revenue	2,000
Right-to-Use Lease Payable-Due in One Year	19,781
Accrued Interest	6,322
Noncurrent Liabilities	
Due in One Year	220,550
Due in More Than One Year	2,185,000
Net Pension Liability	2,832,769
Net OPEB Liability	<u>185,904</u>
 TOTAL LIABILITIES	 <u>5,697,424</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	7,674
Related to OPEB	82,281
Deferred Property Tax Revenue	<u>5,604,702</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>5,694,657</u>
NET POSITION	
Net Investment in Capital Assets	12,466,827
Restricted for Emergencies	230,770
Restricted for Parks and Recreation	664,808
Unrestricted	<u>3,431,485</u>
 TOTAL NET POSITION	 <u>\$ 16,793,890</u>

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT				
Administration	\$ 1,802,075	\$ -	\$ 228,040	\$ (1,574,035)
Maintenance	858,310	-	-	(858,310)
Swimming Pool, Recreation and Sports Programs	3,148,151	1,811,365	283,516	(1,053,270)
Interest and Related Charges on Long-term Debt	81,122	-	-	(81,122)
Total Governmental Activities	5,889,658	1,811,365	511,556	(3,566,737)
		GENERAL REVENUES		
			Property Taxes	4,418,666
			Specific Ownership Taxes	253,879
			Interest	377,307
			Miscellaneous	2,857
			TOTAL GENERAL REVENUES	5,052,709
			CHANGE IN NET POSITION	1,485,972
			NET POSITION, Beginning	15,307,918
			NET POSITION, Ending	\$ 16,793,890

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	GENERAL FUND	CONSERVATION TRUST FUND	CAPITAL IMPROVEMENT PROJECTS FUND	TOTALS
ASSETS				
Cash and Investments	\$ 6,092,127	\$ -	\$ 1,518,126	\$ 7,610,253
Cash and Investments - Restricted	-	664,808	-	664,808
Accounts Receivable				
County Treasurer	18,655	-	-	18,655
Property Taxes Receivable	5,604,702	-	-	5,604,702
Prepaid Expenses	191,619	-	-	191,619
TOTAL ASSETS	11,907,103	664,808	1,518,126	14,090,037
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY				
LIABILITIES				
Accounts Payable	193,226	-	-	193,226
Accrued Salaries and Benefits	51,872	-	-	51,872
Unearned Revenue	2,000	-	-	2,000
TOTAL LIABILITIES	247,098	-	-	247,098
DEFERRED INFLOW OF RESOURCES				
Deferred Property Tax Revenue	5,604,702	-	-	5,604,702
FUND EQUITY				
Fund Balance				
Nonspendable	191,619	-	-	191,619
Restricted for Emergencies	230,770	-	-	230,770
Restricted for Parks and Recreation	-	664,808	-	664,808
Assigned for Contingencies	1,282,618	-	-	1,282,618
Assigned for Capital Projects	287,037	-	1,518,126	1,805,163
Unassigned	4,063,259	-	-	4,063,259
TOTAL FUND EQUITY	6,055,303	664,808	1,518,126	8,238,237
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	\$ 11,907,103	\$ 664,808	\$ 1,518,126	\$ 14,090,037

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances of Governmental Funds	\$ 8,238,237
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	12,466,827
Some assets were not received in the current period and, therefore, are not reported as fund assets. These include the following:	
Right-to-Use Leased Asset, net of Accumulated Amortization	18,282
Long-term liabilities and related items are not due and payable in the current period and accordingly are not reported as fund liabilities. These include the following:	
Accrued Interest Payable	(6,322)
Administrative Office Lease	(19,781)
Senior Center Loan - 2022	(2,320,000)
Compensate Absences	(85,550)
Net Pension Liability	(2,832,769)
Net OPEB Liability	(185,904)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources - change in proportionate share of net pension liability	220,946
Deferred outflows of resources - difference in projected vs actual investment earnings	925,177
Deferred outflows of resources - pension contributions from the measurement date	358,979
Deferred outflows of resources - OPEB - difference in expected vs actual experience	20
Deferred outflows of resources - OPEB - changes of assumptions and other inputs	2,509
Deferred outflows of resources - OPEB - change in proportionate share of net pension liability	67,472
Deferred outflows of resources - OPEB - difference in projected vs actual investment earnings	9,084
Deferred outflows of resources - OPEB contributions from the measurement date	26,638
Deferred inflows of resources - difference in expected vs actual experience	(7,674)
Deferred inflows of resources - OPEB - difference in expected vs actual experience	(37,753)
Deferred inflows of resources - OPEB - changes of assumptions and other inputs	(17,230)
Deferred inflows of resources - OPEB - change in proportionate share of net pension liability	(27,298)
Net position of governmental activities	<u>\$ 16,793,890</u>

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	GENERAL FUND	CONSERVATION TRUST FUND	CAPITAL IMPROVEMENT PROJECTS FUND	TOTALS
REVENUES				
Taxes	\$ 4,672,545	\$ -	\$ -	\$ 4,672,545
Grants and Contributions	9,000	-	-	9,000
Intergovernmental	219,040	283,516	-	502,556
Charges for Services	1,811,365	-	-	1,811,365
Interest	263,937	26,984	86,386	377,307
Miscellaneous	9,168	-	-	9,168
TOTAL REVENUES	<u>6,985,055</u>	<u>310,500</u>	<u>86,386</u>	<u>7,381,941</u>
EXPENDITURES				
Administration	1,602,734	-	-	1,602,734
Maintenance	800,630	-	-	800,630
Program	859,639	-	-	859,639
Recreation	1,458,474	-	-	1,458,474
Debt Service				
Principal	175,905	-	-	175,905
Interest	81,476	-	-	81,476
Capital Outlay	1,205	25,994	2,701,022	2,728,221
TOTAL EXPENDITURES	<u>4,980,063</u>	<u>25,994</u>	<u>2,701,022</u>	<u>7,707,079</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,004,992	284,506	(2,614,636)	(325,138)
OTHER FINANCING SOURCES (USES)				
Transfers	(2,757,000)	-	2,757,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,757,000)</u>	<u>-</u>	<u>2,757,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(752,008)	284,506	142,364	(325,138)
FUND BALANCES, Beginning	<u>6,807,311</u>	<u>380,302</u>	<u>1,375,762</u>	<u>8,563,375</u>
FUND BALANCES, Ending	<u>\$ 6,055,303</u>	<u>\$ 664,808</u>	<u>\$ 1,518,126</u>	<u>\$ 8,238,237</u>

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ (325,138)
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 capital outlay \$2,697,658 exceeded depreciation expense (\$437,755) and loss on disposal (\$6,311) amortization expense (\$44,129), in the current period.	2,209,463
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include loan payments of \$130,000 and lease payments of \$45,905.	175,905
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These include the change in accrued compensated absences (\$16,313) and change in accrued interest \$354.	(15,959)
In the statement of activities, certain operating expenses, pension and OPEB expense/(income) are measured by the amounts earned during the year. In the governmental funds, however, expenditures/(income) for these items are measured by the amount of financial resources used or due (the amounts actually paid). This amount represents the net effect of pension and OPEB related amounts, including amortization of deferred outflows and deferred inflows of resources related to pensions and OPEB, in the statement of activities	<u>(558,299)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,485,972</u></u>

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Carbon Valley Parks and Recreation District (the "District"), a quasi-municipal corporation and political subdivision of the State of Colorado was organized in 1983 and operates pursuant to the provisions of the Colorado Revised Statutes of the Colorado Special District Act (Title 31, Article 1). The District provides recreational activities and park services and operates under a Service Plan approved by the County of Weld County, Colorado. The District's service area includes the communities of Frederick, Firestone, Dacono and the surrounding rural area.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of including additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the District does not include additional organizations in its report entity.

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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. Governmental activities are normally supported by taxes, fees, charges, and intergovernmental revenues.

The statement of net position reports all financial, capital and debt resources of the District. The difference between assets plus deferred outflows, and liabilities plus deferred inflows of the District is reported as net position.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses and allocated indirect 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 or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity; 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function or business-type activity is normally covered by general revenue such as property taxes, specific ownership taxes or unrestricted revenues.

Separate financial statements, (fund financial statements) are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year, except for expenditure driven grants as defined in the following paragraph.

Taxes, intergovernmental revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Grant and similar revenues are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the District.

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, are recorded only when payment is due.

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

The District reports the following major governmental funds in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and park maintenance of the District, except those required to be reported in a separate fund.

Conservation Trust Fund – The Conservation Trust Fund is a special revenue fund, used to account for conservation trust (lottery) fund revenues and expenditures incurred for eligible costs. Revenue is restricted for the acquisition, development, and maintenance of new conservation sites, or for capital improvements or maintenance for recreational purposes on any public site.

Capital Projects Fund – The Capital Projects Fund is used to acquire, design, construct and maintain capital assets within the District. Funds are provided by intergovernmental grants, contributions and transfers from other funds, while expenditures generally consist of capital outlay and current expenditures.

Assets, Liabilities, Fund Balance/Net Assets

Cash and Investments – The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investments are carried at fair value.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Receivables – Accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets – Capital assets, which include buildings and related improvements, equipment and vehicles owned by the District, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

Buildings	7 - 50 years
Equipment	5 - 20 years
Vehicles	5 - 12 years

Unearned Revenue – Unearned revenue arises when resources are received by the District before it has legal claim to them.

Paid Time Off (Compensated Absences) – It is the District's policy to allow employees to accumulate unused paid time off (PTO) up to a certain maximum number of hours, depending on years of service. All such benefits are accrued when incurred in the government-wide financial statements. PTO is liquidated by the General Fund. All unpaid PTO balances are paid at the hourly rate when the employee retires, resigns or is terminated according to a vesting schedule based on years of service. A noncurrent liability is reported in statement of net position of the government-wide financial statements.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has items related to pensions and Other Post Employment Benefits (OPEB)

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

that are reported as deferred outflows of resources at December 31, 2023.

In addition to liabilities, the statement of financial position and the fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This District has items related to deferred property tax revenue, pension and OPEB related deferrals, are reported as deferred inflows of resources at December 31, 2023.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the government-wide statement of net position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively.

Net Position - In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets - this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position - this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position - this classification includes assets that do not have any third party limitation on their use.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District had restricted amounts for emergency reserves, and parks and recreation as required by State statutes.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority, the District Board of Directors. The constraint may be removed or changed only through formal action of the District Board of Directors.
- Assigned – This classification includes amounts that are constrained by the District’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the District Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts. The District assigned amounts related to next year’s budgeted expenditures that exceed budgeted revenues. In addition, the District assigned amounts for contingencies and future capital projects.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When both the restricted and unrestricted fund balances are available the District uses restricted fund balance first, followed by unrestricted.

Pensions

The 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 and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPEB

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments 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.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2023 through June 4, 2024, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2023, follows:

Cash Deposits	\$ 1,874,971
Petty Cash	1,955
Investments	<u>6,398,135</u>
Total	<u>\$ 8,275,061</u>

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

Cash and Investments - Unrestricted	\$ 7,610,253
Cash and Investments - Restricted	<u>664,808</u>
Total	<u>\$ 8,275,061</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023, the District had cash deposits with a carrying amount of \$1,874,971 and bank balances totaling \$1,929,496, of which, \$252,550 were insured by FDIC and \$1,676,946 were collateralized with securities held by the financial institution's agents, but not in their name.

Investments

The District has not adopted a formal investment policy; however, the District follows State statutes regarding investments. The District generally limits its concentration of investments to Local Government Investment Pools, obligations of the United States and certain U.S. government agency securities, which are believed to have a minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to disclosure requirements for concentration risk or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the District Board of Directors, such actions are generally associated with debt service reserve or sinking fund requirements.

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest which include the following:

- Obligations of the United States and certain U.S. agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Local government investment pools

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts.

At December 31, 2023, the District had the following investments:

	<u>Maturity</u>	<u>2023</u>
Colorado Liquid Government Asset Trust (COLOTRUST)	Weighted Average under 60 days	\$ <u>6,398,135</u>

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS +. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rates commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. The District does not have a policy for managing credit risk or interest rate risk.

Restricted Cash and Investments

Restricted cash and investments are for unspent conservation trust/lottery funds.

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CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3: CAPITAL ASSETS

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

	Balances 12/31/2022	Additions	Deletions	Balances 12/31/2023
Capital Assets, not being depreciated				
Land	\$ 175,847	\$ -	\$ -	\$ 175,847
Construction in Progress	112,290	2,621,030	736,416	1,996,904
Total Capital Assets, not being depreciated	<u>288,137</u>	<u>2,621,030</u>	<u>736,416</u>	<u>2,172,751</u>
Capital Assets, being depreciated				
Buildings and improvements	14,154,151	736,416	-	14,890,567
Equipment	616,602	76,628	8,606	684,624
Vehicles	319,427	-	51,209	268,218
Total Capital Assets, being depreciated	<u>15,090,180</u>	<u>813,044</u>	<u>59,815</u>	<u>15,843,409</u>
Less accumulated depreciation				
Buildings and improvements	(4,765,527)	(369,093)	-	(5,134,620)
Equipment	(228,283)	(42,699)	(2,295)	(268,687)
Vehicles	(171,272)	(25,963)	(51,209)	(146,026)
Total accumulated depreciation	<u>(5,165,082)</u>	<u>(437,755)</u>	<u>(53,504)</u>	<u>(5,549,333)</u>
Total Capital Assets, being depreciated, net	<u>9,925,098</u>	<u>375,289</u>	<u>6,311</u>	<u>10,294,076</u>
Business-type Activities Capital Assets, net	<u>\$ 10,213,235</u>	<u>\$ 2,996,319</u>	<u>\$ 742,727</u>	<u>\$ 12,466,827</u>

Depreciation expense was charged to the District's Governmental Activities functions/programs as follows:

General Government	\$ 8,672
Swimming Pool, Recreation and Sports Programs	<u>429,083</u>
Total	<u>\$ 437,755</u>

NOTE 4: LEASES – RIGHT TO USE ASSET

Administrative Office Lease Agreement

On March 1, 2019, the District entered into a lease agreement with Front Range Property, LLC for the lease of space to be used for the District's administration offices. Under GASB 87, the total lease liability, at inception, was \$209,332, based on an implied interest rate of 3%. Total rent expense for the year ended December 31, 2023 was \$47,265. At December 31, 2023 the District reported a Right-to-Use Leased Asset, net of accumulated amortization, of \$18,282, and a Right-to-Use Lease Liability of \$19,781. The lease terminates in May 2024. In January 2024, the District vacated the leased space to move into the Carbon Valley Senior Center where the new administration offices are located.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended December 31, 2023:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023	Due Within One Year
Senior Center Loan - 2022	\$ 2,450,000	\$ -	\$ 130,000	\$ 2,320,000	\$ 135,000
Compensated Absences	69,237	16,313	-	85,550	85,550
	<u>\$ 2,519,237</u>	<u>\$ 16,313</u>	<u>\$ 130,000</u>	<u>\$ 2,405,550</u>	<u>\$ 220,550</u>

Series 2022 Senior Center Loan

On August 29, 2022, the District entered into a lease purchase agreement with Truist Bank, for the purpose of paying off the 2009 Building Lease, and financing the construction of building improvements and repairs to a building that will be the future Carbon Valley Senior Center. Under the agreement, the District has conveyed a leasehold interest in a District owned land and building to the Bank in return for a lumpsum payment of \$2,450,000. The District is required to make semi-annual interest payments on June 1 and December 1, commencing on December 1, 2022, at a rate of 3.270% per annum. Annual principal payments are due on December 1, commencing on December 1, 2023 through December 31, 2037.

Annual debt service requirements for the District's outstanding loan at December 31, 2023 are as follows:

Year Ended December 31,	Principal	Interest	Total
2024	\$ 135,000	\$ 75,864	\$ 210,864
2025	140,000	71,450	211,450
2026	145,000	66,871	211,871
2027	145,000	62,130	207,130
2028	150,000	57,389	207,389
2029-2033	830,000	210,097	1,040,097
2034-2037	775,000	64,419	839,419
	<u>\$ 2,320,000</u>	<u>\$ 608,220</u>	<u>\$ 2,928,220</u>

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: INTERGOVERNMENTAL AGREEMENTS

City of Dacono

On July 28, 2016, and amended on December 16, 2019, the District and the City of Dacono ("the City") entered into an intergovernmental agreement to set forth the general understanding of the parties regarding their relationship and their provision of recreation facilities and services within the City and the District.

The District and the City acknowledge and agree that that they will have the following general responsibilities with respect to the following matters of mutual interest to the District and the City:

- The City will add a condition of approval to any Resolution or Ordinance approving a development application for property that is not within the District requiring a valid petition for inclusion be submitted to the District for any property that is not already included within the District. Such best efforts shall not require that the City commence or join in any litigation regarding the enforcement of this provision.
- The City will give the District the opportunity to comment on development proposals on all new developments within the City no later than 15 days prior to the Planning Commission's consideration of such development inadvertently fail to mail such referral, such failure shall not constitute a breach of this Agreement, or require the delay or cancellation of any scheduled Planning Commission or City Council public hearing regarding the subject development.
- The City will own and develop the neighborhood, area and regional parks within the City.
- The City will continue to pay for the watering of the inside and surrounding areas of the regional parks within the City.
- The District will provide and maintain a current contact list for the City's Public Works Manager and Chief of Police with current contact information for a District representative to be contacted in the case of emergency related to any District activity or event within the City. The District shall notify the Public Works Manager and Chief of Police in writing of any change of designated representative or such representative's contact information. However, if the District inadvertently fails to mail such referral it shall not constitute a breach of this Agreement.
- Representatives of the District shall provide the City Council with biannual updates that include information on current and planned services and facilities, and other issues related to implementation of this Agreement, and other matters of mutual interest.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: INTERGOVERNMENTAL AGREEMENTS (Continued)

City of Dacono (Continued)

- The District shall update its service plan or other necessary filings, as may be necessary to assure that it can include properties into the District that may annex into Dacono.
- The District shall only include properties within the District that are within the given boundaries of the District.
- The District shall not enter into any agreement with City of Dacono, Town of Firestone or Town of Frederick or properties in unincorporated Weld County to provide specific facilities or services without notification to the Dacono City Manager and City Council.

The term of this agreement will remain in effect until December 31, 2024, unless sooner terminated by mutual written agreement.

Town of Frederick

On April 27, 2006, the District and the Town of Frederick (Town) entered into an intergovernmental agreement to set forth the general understandings of the Parties regarding their relationship and their provision of recreation facilities and services within the Town and the District. The District and the Town acknowledge and agree that they will have the following general responsibilities with respect to the following matters of mutual interest to the District and the Town:

- The Town will continue to require developments within the Town that are not currently within the District to file a petition for inclusion with the District.
- The Town will give the District the opportunity to comment on development proposals on all new developments within the Town no later than 21 days prior to the Planning Commission's consideration of such development proposal.
- The Town will own and develop the St. Vrain Legacy Trail within the Town limits.
- The District will expend District capital improvements and maintenance funds within the Town, in amounts not less than the ratio of the total assessed valuation of all taxable property within the District. This capital improvement and maintenance expenditure allocation shall not apply to bond proceeds and shall be reviewed on a three-year basis commencing in the year 2007.
- The District will operate, maintain and manage the inside (other than watering) of mutually agreed upon sports fields and/or other recreation facilities within the Town.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: INTERGOVERNMENTAL AGREEMENTS

Town of Frederick (Continued)

- The District shall be responsible for cleaning of all areas and facilities used by it, and for the supervision of players and programs, and shall hold harmless the Town from any and all liability resulting therefrom.
- With respect to the Lighted Ball Field on Block 29, the District agrees to pay all power/lighting costs associated with its use. The parties agree to evenly split the cost of all water used. The District is required to perform routine maintenance on the lighted ball field to include the following: mow and water the grassed areas weekly; daily trash pickup and maintenance of facilities; and other grounds keeping as agreed upon by the Parties. The terms of the use of the facilities on Block 29 are further clarified in the July 2012 Agreement for Joint Use of Facilities between the District, the Town and the St. Vrain School District RE-IJ.

The term of this agreement was amended in 2022, where both parties agreed that it will remain in effect until December 31, 2024, unless sooner terminated by mutual written agreement.

Town of Firestone

On January 14, 2015, and amended on March 9, 2016, the District and the Town of Firestone (Town) entered into an intergovernmental agreement to set forth the general understandings of the Parties regarding their relationship and their provision of recreation facilities and services within the Town and the District, and specific responsibilities concerning the use, management, operation and maintenance of certain Town-owned parks that are jointly used for recreation services. The District and the Town acknowledge and agree that they will have the following general responsibilities with respect to the following matters of mutual interest to the District and the Town:

- The Town will continue to use its best efforts to require developments within the Town that are not currently within the District to file a petition for inclusion with the District.
- The Town will give the District the opportunity to comment on development proposals on all new developments within the Town no later than 15 days prior to the Planning Commission's consideration of such development proposal.
- The Town will own and develop the Firestone Trail.
- The Town will own and develop the neighborhood, area and regional parks and trails within the Town.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: INTERGOVERNMENTAL AGREEMENTS (Continued)

Town of Firestone (Continued)

- The District will provide and maintain a current contact list to the Town for a District representative to be contacted in the case of emergency related to any District activity or event within the Town. The District shall notify the Town in writing of any change of designated representative or such representative's contact information.
- To the extent permitted by law, the Town agrees to indemnify and hold harmless the District and its officials, agents and employees, from and against all liability, claims, and demands, on account of any injury, loss, or damage, which arise out of or are connected with the Town's use, operation, maintenance or management of Town parks or other Town-owned facilities, to the extent caused by or claimed to be caused by the act, omission, or other fault of the Town, its officials, agents and employees.
- To the extent permitted by law, the District agrees to indemnify and hold harmless the Town, and its officials, agents and employees, from and against all liability, claims, and demands, on account of any injury, loss, or damage, which arise out of or are connected with the District's use, operation, maintenance or management of Town parks or other Town-owned facilities, to the extent caused by or claimed to be caused by the act, omission, or other fault of the District, its officials, agents and employees.
- Representatives of the District shall provide the Town Board with quarterly updates that include information on current and planned services and facilities, and other issues related to implementation of this Agreement, and other matters of mutual interest.
- The agreement further clarifies the joint use for specific parks with the Town, including field maintenance, storage of District equipment and consent for capital improvements.

The agreement expired on December 31, 2019. The agreement is currently under review by the District and the Town and expected to be amended/renewed by the end of 2024.

On August 24, 2022, the District entered into an agreement with the Town of Firestone wherein the District has use of the property previously used as the Town of Firestone Town Hall for the Carbon Valley Senior Center and District administrative offices. The District will have use of the property until August 24, 2037.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6: INTERGOVERNMENTAL AGREEMENTS (Continued)

Town of Firestone and the Firestone Urban Renewal Authority Cooperation Agreements

The District has entered into Cooperation Agreements with the Town of Firestone and the Firestone Urban Renewal Authority as it relates to the following urban renewal areas:

Urban Renewal Area	Plan Effective Date	Cooperation Agreement Date
Southern Firestone Urban Renewal Plan	January 28, 2010	September 9, 2010
Northern Firestone Urban Renewal Plan	June 12, 2013	October 17, 2012
Central Firestone Urban Renewal Plan	December 16, 2015	December 16, 2015

The Agreements provide for the Firestone Urban Renewal Authority to pay the District all of the increase in property tax revenues calculated, produced, and allocated to the Firestone Urban Renewal Authority as a result of the levy of the District upon taxable property within the Urban Renewal Areas for twenty-five (25) years from the effective date of the Plan.

NOTE 7: RETIREMENT COMMITMENTS

Multiple-Employer Defined Benefit Pension Plan

Plan Description. Eligible employees of the District are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (“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 that can be obtained at www.copera.org/investments/pera-financial-reports.

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: RETIREMENT COMMITMENTS (Continued)

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

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

In all cases the service retirement benefit is limited to 100% of 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 are 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 lessor of an annual increase of the 1.00% AI cap or the average CPI for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 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 C.R.S. § 24-51-413.

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

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: RETIREMENT COMMITMENTS (Continued)

Contribution provisions as of December 31, 2022. Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period January 1, 2022 through December 31, 2023 are summarized in the table below:

	January 1, 2022 through June 30, 2022	July 1, 2022 through December 31, 2022	January 1, 2023 through June 30, 2023	July 1, 2023 through December 31, 2023
Employee Contribution Rate	8.50%	9.00%	9.00%	9.00%
State Troopers Only	12.50%	13.00%	13.00%	13.00%

Contribution rates for the LGDTF are expressed as a percentage of salary as defined by 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	January 1, 2023 through June 30, 2023	July 1, 2023 through December 31, 2023
Employer Contribution Rate	10.50%	11.00%	11.00%	11.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount Apportioned to the SCHDTF	9.48%	9.98%	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-1411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-1411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. 24-51-415	0.03%	0.03%	0.06%	0.06%
Total Employer Contribution Rate to the LGDTF	13.21%	13.71%	13.74%	13.74%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$311,389 for the year ended December 31, 2023.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: RETIREMENT COMMITMENTS (Continued)

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

The net pension liability was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of December 31, 2021. Standard updated procedures were used to roll forward the TPL to December 31, 2022.

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

At December 31, 2023 the District reported a liability of \$2,832,769 for its proportionate share of the net pension liability.

At December 31, 2022, the District's proportion was .282553%, which was an increase of .06068% from its proportion measured as of December 31, 2021. For the year ended December 31, 2023, the District recognized pension expense of \$578,368. At December 31, 2023, the 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	\$ -	\$ (7,674)
Net difference between projected and actual earnings on pension plan investments	925,177	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	220,946	-
Contributions subsequent to the measurement date	358,979	-
Total	<u>\$ 1,505,101</u>	<u>\$ (7,675)</u>

\$358,979 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,

2024	\$ 413,268
2025	262,593
2026	231,294
2027	231,294

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: RETIREMENT COMMITMENTS (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2021 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%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07:	1.00% compounded annually
PERA Benefit Structure hired after 12/31/06 ⁽¹⁾ :	Financed by the AIR

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

The TPL for the LGDTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313, of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

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

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

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

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: RETIREMENT COMMITMENTS (Continued)

- **Males:** 94% of the rates prior to ages 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.

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

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

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: RETIREMENT COMMITMENTS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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 (1)	6.00%	4.70%
Total	<u>100.00%</u>	

(1) - The Opportunity Funds' name changed to Alternatives, effective January 1, 2020.

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: RETIREMENT COMMITMENTS (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 202 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the proportionate share of the net pension 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:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate Share of Net Pension Liability	<u>\$ 4,755,506</u>	<u>\$ 2,832,769</u>	<u>\$ 1,223,120</u>

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: RETIREMENT COMMITMENTS (Continued)

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

Defined Contribution Pension Plan

Voluntary Investment Program – PERAPlus 401(k) Plan

Plan Description. Employees of the District who are members of the LGDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14, of the CRS, as amended, assigns the authority to establish the Plan provision to the PERA Board of Trustees. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 401(k) Plan is funded by voluntary contributions up to the maximum limits set by the IRS, as established under Title 24, Article 51, Section 1402, of the CRS, as amended. The District does not make contributions to the 401(k) Plan. For the year ended December 31, 2023, program members contributed \$0 and the District recognized pension expense and a liability of \$0 and \$0, respectively for the Voluntary Investment Program.

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. 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 that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

service credit. For members who retire having service credit with employers in one or more of the four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated to the. 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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

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

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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 District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$23,675 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 2023, the District reported a liability of \$188,489 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The District's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District's proportion was 0.022769%, which was a decrease of 0.005475% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized OPEB income of \$20,069. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20	\$ (37,753)
Net difference between projected and actual earnings on pension plan investments	9,084	-
Changes of assumptions or other inputs	2,509	(17,230)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	67,472	(27,298)
Contributions subsequent to the measurement date	26,638	-
Total	\$ 105,723	\$ (82,281)

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

\$26,638 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,

2024	\$	(2,147)
2025		(3,144)
2026		(3,399)
2027		4,858
2028		625
2029		11

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CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	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			6.50% in 2022, gradually decreasing to 4.50% in 2030	
Medicare Part A premiums			3.75% in 2022, gradually increasing to 4.50% in 2029	

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.00%	1.50%
70	2.90%	1.60%
71	1.60%	1.40%
72	1.40%	1.50%
73	1.50%	1.60%
74	1.50%	1.50%
75	1.50%	1.40%
76	1.50%	1.50%
77	1.50%	1.50%
78	1.50%	1.60%
79	1.50%	1.50%
80	1.40%	1.50%
81 and older	0.00%	0.00%

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

The 2021 Medicare Part A Premium is \$499 (actual dollars) per month.

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

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

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

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CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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.

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

- **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.

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CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or 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 were considered in evaluating the long-term rate of return assumption for the HCTF, 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

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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 adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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 (1)	6.00%	4.70%
Total	<u>100.00%</u>	

(1) - The Opportunity Funds' name changed to Alternatives, effective January 1, 2020.

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

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

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERA Care Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 215,518	\$ 185,904	\$ 160,575

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.

Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year.

- In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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 projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

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CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of Net OPEB Liability	\$ 180,642	\$ 185,904	\$ 191,629

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

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, property and casualty, errors and omissions, injuries to employees, health claims or natural disasters.

Risks of loss from property and liability coverage and injuries to employees are covered by the District’s participation in the Colorado Special Districts Property and Liability Pool (the “Pool”), along with participation in the worker’s compensation pool. The Pool is a separate independent organization created by an intergovernmental agreement to provide property, liability, public officials’ liability, boiler and machinery, and workers compensation coverage to its members.

The District pays annual premiums to the Pool for liability, property, public officials’ liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Settled claims have not exceeded this coverage in any of the past three years.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR), which has several

CARBON VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 10: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 5, 1996, the registered voters of the District voted to allow the District to collect, retain, and expend all revenues and other funds generated from its current general fund property tax mill levy of 4.427 mills, from fees and charges and all other sources, effective January 1, 1996, and continuing thereafter, and be used to provide District services as a voter approved revenue change, offset and an exception to the limits imposed by Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S. This effectively removed all revenue and spending limits imposed by the Amendment.

The District has established an emergency reserve, representing 3% of qualifying fiscal year spending, as required by TABOR. At December 31, 2023, the emergency reserve of \$230,770 was reported as a restriction of fund balance and net position in the General Fund and Governmental Activities, respectively.

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

REQUIRED SUPPLEMENTARY INFORMATION

CARBON VALLEY PARKS AND RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES				
Taxes				
Property Taxes	\$ 4,451,525	\$ 4,418,666	\$ (32,859)	\$ 3,302,821
Specific Ownership Taxes	267,091	253,879	(13,212)	245,272
Intergovernmental	260,677	219,040	(41,637)	157,501
Charges for Services				
Program Revenue	778,317	803,799	25,482	641,169
Recreation Revenue	610,169	1,007,566	397,397	1,003,164
Grants and Contributions	-	9,000	9,000	2,500
Interest	2,264	263,937	261,673	57,775
Miscellaneous	156,162	9,168	(146,994)	47,673
TOTAL REVENUES	<u>6,526,205</u>	<u>6,985,055</u>	<u>458,850</u>	<u>5,457,875</u>
EXPENDITURES				
Current				
Administration	1,814,527	1,602,734	211,793	1,478,188
Maintenance	1,150,645	800,630	350,015	760,499
Program	956,852	859,639	97,213	804,152
Recreation	1,182,537	1,458,474	(275,937)	1,214,770
The Cove	-	-	-	166,300
Debt Service				
Loan Principal	130,000	130,000	-	657,998
Loan Interest	80,115	80,115	-	43,402
Lease Principal	-	45,905	(45,905)	40,601
Lease Interest	-	1,361	(1,361)	3,947
Debt Issuance Costs	-	-	-	89,520
Capital Outlay	-	1,205	(1,205)	31,997
TOTAL EXPENDITURES	<u>5,314,676</u>	<u>4,980,063</u>	<u>334,613</u>	<u>5,291,374</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,211,529	2,004,992	793,463	166,501
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	-	2,450,000
Transfers Out	(2,757,000)	(2,757,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,757,000)</u>	<u>(2,757,000)</u>	<u>-</u>	<u>2,450,000</u>
NET CHANGE IN FUND BALANCE	(1,545,471)	(752,008)	793,463	2,616,501
FUND BALANCE, Beginning	<u>6,090,624</u>	<u>6,807,311</u>	<u>716,687</u>	<u>4,190,810</u>
FUND BALANCE, Ending	<u>\$ 4,545,153</u>	<u>\$ 6,055,303</u>	<u>\$ 1,510,150</u>	<u>\$ 6,807,311</u>

See the accompanying Independent Auditor's Report.

CARBON VALLEY PARKS AND RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
 CONSERVATION TRUST FUND
 Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES				
Lottery Revenues	\$ 180,000	\$ 283,516	\$ 103,516	\$ 248,451
Interest	7,959	26,984	19,025	6,852
TOTAL REVENUES	<u>187,959</u>	<u>310,500</u>	<u>122,541</u>	<u>255,303</u>
EXPENDITURES				
Parks and Recreation	<u>30,000</u>	<u>25,994</u>	<u>4,006</u>	<u>111,901</u>
TOTAL EXPENDITURES	<u>30,000</u>	<u>25,994</u>	<u>4,006</u>	<u>111,901</u>
NET CHANGE IN FUND BALANCE	157,959	284,506	126,547	143,402
FUND BALANCE, Beginning	<u>306,119</u>	<u>380,302</u>	<u>74,183</u>	<u>236,900</u>
FUND BALANCE, Ending	<u>\$ 464,078</u>	<u>\$ 664,808</u>	<u>\$ 200,730</u>	<u>\$ 380,302</u>

See the accompanying Independent Auditor's Report.

CARBON VALLEY PARKS AND RECREATION DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PERA Local Government Division Trust Fund Pension Plan
 Last Ten Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability/(Asset)	0.28255%	-0.22248%	0.20524%	0.25790%	0.25338%	0.24729%	0.24348%	0.26119%	0.24511%	0.28665%
Proportionate Share of the Net Pension Liability(Asset) \$	2,832,769	(190,752)	1,069,569	1,886,230	3,185,494	2,753,402	3,287,800	2,877,266	2,196,983	2,358,943
Total Covered Payroll \$	2,312,570	1,655,769	1,515,053	1,779,794	1,650,097	1,527,027	1,438,023	1,516,586	1,343,117	1,529,330
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	122.49%	11.52%	70.60%	105.98%	193.05%	180.31%	228.63%	189.72%	163.57%	154.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.99%	101.49%	90.88%	86.26%	75.96%	79.37%	73.65%	76.87%	80.72%	81.78%
Total Pension Liability \$	5,895,159,000	5,758,380,000	5,715,765,000	5,324,353,000	5,228,602,000	5,396,516,000	5,123,847,000	4,762,090,000	4,647,777,000	4,517,239,000
Plan Fiduciary Net Position	4,892,596,000	5,844,117,000	5,194,638,000	4,592,962,000	3,971,389,000	4,283,086,000	3,773,506,000	3,660,509,000	3,751,468,000	3,694,318,000
Net Pension Liability(Asset) \$	1,002,563,000	(85,737,000)	521,127,000	731,391,000	1,257,213,000	1,113,430,000	1,350,341,000	1,101,581,000	896,309,000	822,921,000

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

CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS
 PERA Pension Plan
 Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 358,979	\$ 311,502	\$ 218,562	\$ 196,103	\$ 225,680	\$ 209,232	\$ 193,627	\$ 182,341	\$ 192,312	\$ 170,307
Contributions in Relation to the Contractually Required Contribution	<u>358,979</u>	<u>311,502</u>	<u>218,562</u>	<u>196,103</u>	<u>225,680</u>	<u>209,232</u>	<u>193,627</u>	<u>182,341</u>	<u>192,312</u>	<u>170,307</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Covered Payroll	\$ 2,611,567	\$ 2,321,047	\$ 1,655,701	\$ 1,515,053	\$ 1,779,794	\$ 1,650,097	\$ 1,527,027	\$ 1,438,023	\$ 1,516,586	\$ 1,343,117
Contributions as a Percentage of Total Covered Payroll	13.75%	13.42%	13.20%	12.94%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

See the accompanying Independent Auditor's Report.

CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OTHER POST EMPLOYMENT BENEFIT LIABILITY
 PERA Health Care Trust Fund OPEB Plan
 Last Ten Years*

	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.02277%	0.01729%	0.01566%	0.01975%	0.01965%	0.01922%	0.18690%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 185,904	\$ 149,126	\$ 148,792	\$ 222,009	\$ 267,339	\$ 249,725	\$ 242,326
Total Covered Payroll	\$ 2,312,570	\$ 1,655,769	\$ 1,515,053	\$ 1,779,794	\$ 1,650,097	\$ 1,527,027	\$ 1,438,023
Proportionate Share of Net OPEB Liability as a Percentage of its Covered Employee Payroll	8.04%	9.01%	9.82%	12.47%	16.20%	16.35%	16.85%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	38.57%	39.40%	32.78%	17.03%	17.03%	17.53%	16.72%
Total OPEB Liability	\$ 1,329,183,000	\$ 1,423,054,000	\$ 1,413,526,000	\$ 1,639,734,000	\$ 1,639,734,000	\$ 1,575,822,000	\$ 1,556,762,000
Plan Fiduciary Net Position	512,704,000	560,749,000	463,301,000	279,192,000	279,192,000	276,222,000	260,228,000
Net OPEB Liability	<u>816,479,000</u>	<u>862,305,000</u>	<u>950,225,000</u>	<u>1,360,542,000</u>	<u>1,360,542,000</u>	<u>1,299,600,000</u>	<u>1,296,534,000</u>

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

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

See the accompanying Independent Auditors' Report.

CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS
PERA HCTF OPEB Plan
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 26,638	\$ 23,675	\$ 16,888	\$ 15,454	\$ 18,154	\$ 16,831	\$ 15,576	\$ 14,622	\$ 15,421	\$ 13,700
Contributions in Relation to the Contractually Required Contribution	<u>26,638</u>	<u>23,675</u>	<u>16,888</u>	<u>15,454</u>	<u>18,154</u>	<u>16,831</u>	<u>15,576</u>	<u>14,622</u>	<u>15,421</u>	<u>13,700</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Covered Payroll	\$ 2,611,567	\$ 2,321,047	\$ 1,655,701	\$ 1,515,053	\$ 1,779,794	\$ 1,650,097	\$ 1,527,027	\$ 1,438,023	\$ 1,516,586	\$ 1,343,117
Contributions as a Percentage of Total Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See the accompanying Independent Auditors' Report.

CARBON VALLEY PARKS AND RECREATION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the District. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, Management submits to the District Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer and public comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the District Board of Directors.
- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

SUPPLEMENTARY INFORMATION

CARBON VALLEY PARKS AND RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENT PROJECTS FUND
 Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES				
Interest	\$ 2,000	\$ 86,386	\$ 84,386	\$ 27,084
TOTAL REVENUES	2,000	86,386	84,386	27,084
EXPENDITURES				
Parks and Recreation	2,925,000	2,701,022	223,978	203,794
TOTAL EXPENDITURES	2,925,000	2,701,022	223,978	203,794
EXCESS OF REVENUES OVER EXPENDITURES	(2,923,000)	(2,614,636)	308,364	(176,710)
OTHER FINANCING SOURCES				
Transfers In	2,757,000	2,757,000	-	-
TOTAL OTHER FINANCING SOURCES	2,757,000	2,757,000	-	-
NET CHANGE IN FUND BALANCE	(166,000)	142,364	308,364	(176,710)
FUND BALANCE, Beginning	1,832,170	1,375,762	(456,408)	1,552,472
FUND BALANCE, Ending	\$ 1,666,170	\$ 1,518,126	\$ (148,044)	\$ 1,375,762

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS

December 31, 2023

\$2,450,000 Senior Center Loan
Series 2022

<u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	3.27%	\$ 135,000	\$ 75,864	\$ 210,864
2025	3.27%	140,000	71,450	211,450
2026	3.27%	145,000	66,871	211,871
2027	3.27%	145,000	62,130	207,130
2028	3.27%	150,000	57,388	207,388
2029	3.27%	155,000	52,484	207,484
2030	3.27%	160,000	47,415	207,415
2031	3.27%	165,000	42,183	207,183
2032	3.27%	170,000	36,788	206,788
2033	3.27%	180,000	31,228	211,228
2034	3.27%	185,000	25,343	210,343
2035	3.27%	190,000	19,293	209,293
2036	3.27%	195,000	13,080	208,080
2037	3.27%	205,000	6,703	211,703
		<u>\$ 2,320,000</u>	<u>\$ 608,220</u>	<u>\$ 2,928,220</u>

See the accompanying Independent Auditor's Report.

CARBON VALLEY PARKS AND RECREATION DISTRICT

SCHEDULE OF TEN YEAR SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2023

Levy Year	Collection Year	Assessed Valuation	Mill Levy				Total Levied	Total Collected	Collection Rate
			General	Debt	Abatements	Total			
2013	2014	390,324,640	4.427	2.230	0.000	6.657	2,598,391	2,576,339	99.15%
2014	2015	383,194,650	4.427	2.230	0.053	6.710	2,571,236	2,552,913	99.29%
2015	2016	655,895,660	4.427	2.230	0.137	6.794	4,456,155	4,463,428	100.16%
2016	2017	559,667,218	4.427	2.230	0.398	7.055	3,948,452	3,944,489	99.90%
2017	2018	687,469,297	4.427	1.528	0.000	5.955	4,093,880	4,082,727	99.73%
2018	2019	673,541,658	4.427	0.192	0.000	4.619	3,111,089	2,988,553	96.06%
2019	2020	860,234,934	4.427	0.000	0.000	4.427	3,808,260	3,710,231	97.43%
2020	2021	820,500,979	4.427	0.000	0.000	4.427	3,632,358	3,700,897	101.89%
2021	2022	744,528,602	4.427	0.000	0.000	4.427	3,296,028	3,302,821	100.21%
2022	2023	\$1,005,539,865	4.427	0.000	0.000	4.427	\$4,451,525	4,418,666	99.26%
2023	2024	\$1,266,027,196	4.427	0.000	0.000	4.427	\$5,604,702		

Note: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

See the accompanying Independent Auditor's Report.