

Soldier Canyon Water Treatment Authority

Financial Statements and
Supplementary Information

December 31, 2024 and 2023

Soldier Canyon Water Treatment Authority

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December 31, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors of
Soldier Canyon Water Treatment Authority

Opinion

We have audited the accompanying financial statements of the Soldier Canyon Water Treatment Authority (Authority), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority'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 financial position of the Authority as of December 31, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
June 10, 2025

Soldier Canyon Water Treatment Authority

Management's Discussion and Analysis (Unaudited)

Management's discussion and analysis is designed to provide an analysis of the Soldier Canyon Water Treatment Authority's (the "Authority") financial condition and operating results and to also inform the reader on the Authority's financial issues and activities.

The Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Authority's basic financial statements (beginning on page 7).

2024 Highlights - Business-Type Activities

- As of December 31, 2024, the Authority's net position was \$62,638,662, representing a decrease of \$662,498 when compared to the balance as of December 31, 2023.
- Total operating revenues increased to \$6,313,478 during 2024, which was \$454,702 more than in 2023.
- Total operating expenses were \$9,123,656 for 2024 representing an increase of \$525,342 when compared to 2023.
- Net capital assets were \$59,910,864 in 2024 compared to \$59,965,970 in 2023 for a decrease of \$55,106.
- The Authority has no long-term debt.

Using this Annual Report

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the Authority's basic financial statements include:

Statements of Net Position - report the Authority's current financial resources (short-term spendable resources) with capital assets and long-term obligations (See page 7).

Statements of Revenues, Expenses and Changes in Net Position - report the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions (See page 8).

Statements of Cash Flows - report the Authority's cash flows from operating activities, investing, capital and non-capital activities (See page 9).

Soldier Canyon Water Treatment Authority

Management's Discussion and Analysis (Unaudited)

Condensed Statement of Net Position

December 31,	2024	2023	2022
Current assets	\$ 4,278,105	\$ 5,123,807	\$ 3,365,187
Noncurrent assets	-	-	221,454
Capital assets, net	59,910,864	59,965,970	62,435,510
<u>Total assets</u>	<u>64,188,969</u>	<u>65,089,777</u>	<u>66,022,151</u>
Deferred outflows of resources	972,296	1,308,145	552,030
Current Liabilities	489,661	406,800	337,566
Long-term liabilities	1,985,907	2,547,769	307,617
<u>Total liabilities</u>	<u>2,475,568</u>	<u>2,954,569</u>	<u>645,183</u>
Deferred inflows of resources	47,035	142,193	1,980,398
Net investment in capital assets	59,910,864	59,965,970	62,435,510
Restricted	-	-	221,454
Unrestricted	2,727,798	3,335,190	1,291,636
<u>Total net position</u>	<u>\$ 62,638,662</u>	<u>\$ 63,301,160</u>	<u>\$ 63,948,600</u>

The net position of the Authority decreased to \$62,638,662 during 2024, a \$662,498 or 1.0% decrease from 2023.

Review of Revenues

Water charges were \$6,313,478 during 2024. This represents an increase of \$454,702 or 7.8% from 2023.

Review of Operating Expenses

Years Ending December 31,	2024	2023	2022
Operating Expenses:			
Operating and maintenance	\$ 5,252,966	\$ 5,092,827	\$ 3,669,585
Administrative services	333,484	319,321	300,333
Depreciation	3,537,206	3,186,166	3,037,842
<u>Total</u>	<u>\$ 9,123,656</u>	<u>\$ 8,598,314</u>	<u>\$ 7,007,760</u>

In 2024, operations and maintenance expenses were 13.0% under the final budget and up 3.1% from the previous year of \$5,092,827. Decreases in actual versus budgeted costs were due primarily to lower chemical costs and decreased spending on Plant equipment. Increases from the previous year were due to increases in wages and inflationary increases in supplies and equipment. Depreciation increased to \$3,537,206 in 2024 as compared to \$3,186,166 in 2023.

Soldier Canyon Water Treatment Authority

Management's Discussion and Analysis (Unaudited)

Capital Contributions

The Loveland/Ft. Collins, East Larimer County and North Weld County Water Districts (the "Districts") had combined cash contributions of \$1,936,736 and \$2,003,997 to the Authority during 2024 and 2023. In 2017, the Districts contributed their ownership in Soldier Canyon Filter Plant and related capital assets to the Authority in exchange for specified water treatment capacity. The total capital contributions in 2017 was \$22,665,492.

Capital Assets

Year Ending December 31,	2024	2023	2022
Land	\$ 83,869	\$ 83,869	\$ 83,869
Construction in progress	427,344	654,872	150,712
Filter plant	69,735,596	66,117,935	65,961,559
Equipment	3,173,965	3,118,651	3,062,561
Total	<u>\$ 73,420,774</u>	<u>\$ 69,975,327</u>	<u>\$ 69,258,701</u>

Additions in 2024 and 2023 were:

- Water treatment filter plant, plant expansion and improvements, safety equipment, and general equipment totaling \$3,495,251 and \$716,626, respectively.

Debt and Other Financial Obligations

The Authority has no outstanding debt at December 31, 2024.

Basic Service Fees, Rates and Changes

The Authority's rates are reviewed and established by the Board of Directors to cover operations and maintenance costs of the Authority.

The Districts are charged based upon the amount of water processed through the system for variable operations and maintenance and their respective capacity share for fixed operations and maintenance and capital. Water used by the districts is billed separately to each district.

Capital Improvement Program

The Authority's long-range plan revolves around the Master Plan from each of the water districts, which are based upon demand or regulation of water quality.

Soldier Canyon Water Treatment Authority

Management's Discussion and Analysis (Unaudited)

The following table sets forth a summary of the Authority's capital assets acquired between 2023 and 2024.

Capital Projects/Equipment Acquisition Summary (Funded Projects) 2023-2024

	Year	Cost
TOC Analyzer	2024	\$ 48,256
Generator	2024	1,141,692
Plant Re-rating	2024	36,611
Filters 5-8	2024	1,725,149
PLC 11 Upgrade	2024	53,169
PVP Control Improvements	2024	110,506
PV Sed Basin Liner & Valve	2024	135,026
Soda Ash Redundancy	2024	89,971
Ford F250 Trucks	2024	105,117
iFIX Upgrade	2024	20,102
Hillside Stairs	2024	21,390
Piping replacement	2024	235,789
Stratus Server	2023	56,088
Decant Pond 2 Joint Sealant	2023	59,385
PLC Upgrade #2	2023	96,993
Grand Total		\$ 3,935,246

Financial Contract

The Authority's financial statements are designed to present users with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions about the report or need additional financial information, please contact our staff at 4424 Laporte Avenue, Fort Collins, Colorado 80521.

Soldier Canyon Water Treatment AuthorityStatements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 3,092,785	\$ 3,555,958
Accounts receivable, participants	680,977	1,046,321
Prepaid expenses	260,440	228,416
Inventory of chemicals	243,903	293,112
Total current assets	<u>4,278,105</u>	<u>5,123,807</u>
Noncurrent Assets		
Capital assets:		
Capital assets not being depreciated	511,213	738,741
Capital assets being depreciated, net accumulated depreciation	<u>59,399,651</u>	<u>59,227,229</u>
Total capital assets	<u>59,910,864</u>	<u>59,965,970</u>
Total noncurrent assets	59,910,864	59,965,970
Total assets	<u>64,188,969</u>	<u>65,089,777</u>
Deferred Outflows of Resources		
Deferred amounts related to pensions	940,983	1,242,180
Deferred amounts related to OPEB	<u>31,313</u>	<u>65,965</u>
Total deferred outflows of resources	<u>972,296</u>	<u>1,308,145</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	298,109	346,259
Accrued payroll	81,904	60,541
Accrued compensated absences	<u>109,648</u>	<u>-</u>
Total current liabilities	<u>489,661</u>	<u>406,800</u>
Noncurrent Liabilities		
Accrued compensated absences	152,502	141,605
Net pension liability	1,710,189	2,260,903
Net OPEB liability	<u>123,216</u>	<u>145,261</u>
Total noncurrent liabilities	<u>1,985,907</u>	<u>2,547,769</u>
Total liabilities	<u>2,475,568</u>	<u>2,954,569</u>
Deferred Inflows of Resources		
Deferred amounts related to pensions	1,757	91,031
Deferred amounts related to OPEB	<u>45,278</u>	<u>51,162</u>
Total deferred inflows of resources	<u>47,035</u>	<u>142,193</u>
Net Position		
Net investment in capital assets	59,910,864	59,965,970
Unrestricted	<u>2,727,798</u>	<u>3,335,190</u>
Total net position	<u>\$ 62,638,662</u>	<u>\$ 63,301,160</u>

See notes to financial statements

Soldier Canyon Water Treatment Authority

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Water charges	\$ 6,313,478	\$ 5,858,776
Total operating revenues	<u>6,313,478</u>	<u>5,858,776</u>
Operating Expenses		
Source of supply	58,632	134,029
Water treatment	5,194,334	4,958,798
Administration and general	333,484	319,321
Depreciation	<u>3,537,206</u>	<u>3,186,166</u>
Total operating expenses	<u>9,123,656</u>	<u>8,598,314</u>
Operating income (loss)	<u>(2,810,178)</u>	<u>(2,739,538)</u>
Nonoperating Revenue		
Earnings on investments	111,121	62,751
Miscellaneous income	<u>99,823</u>	<u>25,350</u>
Total nonoperating revenues	<u>210,944</u>	<u>88,101</u>
Income (loss) before capital contributions	<u>(2,599,234)</u>	<u>(2,651,437)</u>
Capital contributions from participants	<u>1,936,736</u>	<u>2,003,997</u>
Change in net position	(662,498)	(647,440)
Net Position, Beginning	<u>63,301,160</u>	<u>63,948,600</u>
Net Position, Ending	<u>\$ 62,638,662</u>	<u>\$ 63,301,160</u>

See notes to financial statements

Soldier Canyon Water Treatment Authority

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 6,760,062	\$ 5,387,780
Cash paid to employees	(2,586,377)	(2,390,728)
Cash paid to suppliers	(3,342,203)	(3,197,524)
Net cash flows from operating activities	<u>831,482</u>	<u>(200,472)</u>
Cash Flows From Investing Activities		
Earnings on investments	111,121	62,751
Other income	-	25,350
Net cash flows from investing activities	<u>111,121</u>	<u>88,101</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(3,342,512)	(669,160)
Contribution received for construction	1,936,736	2,003,997
Net cash flows from capital and related financing activities	<u>(1,405,776)</u>	<u>1,334,837</u>
Net change in cash and cash equivalents	(463,173)	1,222,466
Cash and Cash Equivalents, Beginning	<u>3,555,958</u>	<u>2,333,492</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,092,785</u>	<u>\$ 3,555,958</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ (2,810,178)	\$ (2,739,538)
Nonoperating Income:	87,124	-
Noncash items included in operating income:		
Depreciation	3,537,206	3,186,166
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Customer accounts receivable	365,344	(461,079)
Prepayments	(32,024)	(11,201)
Materials and supplies	49,209	(63,874)
Accounts payable	(175,039)	6,723
Other current liabilities	21,363	15,045
Accrued compensated absences	120,545	6,889
Pension liability (asset) and related items	(338,791)	(84,698)
OPEB liability and related items	6,723	(54,905)
Net cash provided by operating activities	<u>\$ 831,482</u>	<u>\$ (200,472)</u>
Supplemental Noncash Flow Information		
Capital assets acquired through accounts payable	<u>\$ (126,889)</u>	<u>\$ (47,466)</u>

See notes to financial statements

Soldier Canyon Water Treatment Authority

Notes to Financial Statements
December 31, 2024 and 2023

1. Summary of Significant Accounting Policies

Nature of Activities

The Soldier Canyon Water Treatment Authority (the Authority) was formed on February 1, 2017 as a result of the transfer of all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Soldier Canyon Filter Plant (the Plant). In connection with the formation of the Authority, the North Weld County Water District (NWCWD), Fort Collins and Loveland Water District (FCLWD) and East Larimer County Water District (ELCO), (collectively the Districts), contributed their ownership in the Soldier Canyon Filter Plant (previously accounted for as a joint venture), along with the related capital assets, to the Authority in exchange for specified water treatment capacity. The purpose of the Authority is to provide treated water to the Districts that have acquired water treatment capacity (the right to purchase water) from the Authority. In conformity with accounting principles generally accepted in the United States (GAAP) issued by the Governmental Accounting Standards Board (GASB), the Authority is the reporting entity for financial reporting purposes. The Authority is the lowest level of government having financial accountability and control to provide water filtration service within the political subdivision identified as the Soldier Canyon Water Treatment Authority. The accounts of the Authority are organized on the basis of a proprietary fund. The operations of the Authority are accounted for with a set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses and contributions.

Financial Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board, and either, a) the ability to impose its will by the primary government or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government

Based on the above criteria, there are no other organizations that would be considered component units of the Authority.

Basic Financial Statements

The Authority is a special-purpose government engaged only in business-type activities. As such, proprietary fund financial statements are presented.

Basis of Accounting

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with operations are included on the statement of net position. Revenues are recorded in the accounting period in which they are earned and become measurable; expenses are recorded in the period in which they are incurred and become measurable. Net position is segregated into net investment in capital assets, restricted and unrestricted net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Soldier Canyon Water Treatment Authority

Notes to Financial Statements
December 31, 2024 and 2023

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented January 1, 2024. The prior year impact of the standard was not considered material to the financial statements, therefore the prior year balances were not adjusted for the change.

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with Colorado state statutes. The budget is prepared on a basis consistent with GAAP, except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues.

- On or about October 15, the Authority staff submits to the 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 at regular meetings of the Board of Directors to obtain taxpayer comments.
- Prior to December 15, the budget is legally adopted by the Board of Directors.
- Unused appropriations lapse at the end of each year.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors throughout the year.

The following is a summary of the original budget, total revisions and revised budget for total expenditures for fiscal year 2024:

	<u>Original Budget</u>	<u>Total Revision</u>	<u>Revised Budget</u>
Enterprise Fund	\$ 6,426,851	\$ -	\$ 6,426,851

Cash and Cash Equivalents

The Authority considers all highly liquid investments purchased with an original maturity of three months or less and amounts held in local government investment pools to be cash equivalents.

Local Government Investment Pool

At December 31, 2024 and 2023, the Authority had invested \$2,348,073 and \$1,236,952, respectively, in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission 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.

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

December 31, 2024 and 2023

The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent 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. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Accounts Receivable

Accounts receivable result from the timing of billed accounts and are shown net of an allowance for doubtful accounts. The Authority has determined that no allowance is necessary as of December 31, 2024 or 2023, based on historical collections.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

Inventory

Inventories, primarily consisting of chemicals, are shown in the financial statements at cost, using the first-in first-out method of accounting.

Capital Assets

Capital assets purchased or contributed with an original cost or fair value of \$5,000 or more are capitalized using historical cost or fair value. Expenditures for maintenance and repairs are charged to operations as incurred. Property replacements and improvements, which extend the lives of assets, are capitalized and subsequently depreciated.

The provision for depreciation is computed using the straight-line method over the estimated useful lives of the assets. The lives used for individual components classified as equipment are as follows:

	<u>Years</u>
Filter plant	50 years
Equipment	5-20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred outflows and inflows of resources primarily relate to pensions and other postemployment benefits (OPEB) more fully described in notes 4 and 5.

Soldier Canyon Water Treatment Authority

Notes to Financial Statements
December 31, 2024 and 2023

Compensated Absences

Obligations associated with the Authority's vacation policy are recorded as a liability and expensed when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is considered a long-term liability. Additionally, the Authority's sick policy is recorded as a liability and expensed as expected to be used in the next calendar year. The amount of the accrued and unpaid balance due under this policy is considered a short term liability. The Authority's total liability for accrued compensated absences was \$262,150 and \$141,605 at December 31, 2024 and 2023, respectively, shown as accrued compensated absences on the Statements of Net Position.

Pensions

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of December 31, 2023.

Other Postemployment Benefits (OPEB)

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

Net Position

Net position is classified in the following categories:

- **Net Investment in Capital Assets** - This category groups all capital assets into one component of net position reduced by any outstanding borrowings attributed to the related assets. Accumulated depreciation of these assets reduces this category.
- **Restricted Net Position** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restriction imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - This category represents the net position of the Authority which is not restricted for any project or other purpose. A deficit will require future funding.

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

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

December 31, 2024 and 2023

Revenue Recognition

Revenues are recognized when earned. Amounts are billed on a monthly basis.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounting estimates include those for the net pension and net OPEB liabilities.

Effect of New Accounting Standards on Current Period Financial Statements

GASB has approved GASB Statement No. 102, *Certain Risk Disclosures*, GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. When they become effective, application of these standards may restate portions of these financial statements.

2. Liquidity and Availability

Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. 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 assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2024 and 2023, the Authority had deposits with a financial institution with a carrying amount of \$744,462 and \$2,318,756, respectively. The bank balances with the financial institution were \$753,359 and \$2,333,754, respectively. Of these amounts, \$250,000 was covered by federal depository insurance. The remaining balances of \$503,359 and \$2,083,754 at December 31, 2024 and 2023, respectively, were collateralized with securities held by the financial institutions' agents but not in the Authority's name.

Cash and cash equivalents held by the Authority were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash on hand	\$ 250	\$ 250
Bank deposits	744,462	2,318,756
Local government investment pool	2,348,073	1,236,952
Total	<u>\$ 3,092,785</u>	<u>\$ 3,555,958</u>

Soldier Canyon Water Treatment Authority

Notes to Financial Statements
December 31, 2024 and 2023

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The Authority's policy is to hold investments until maturity.

Interest Rate Risk

The Authority does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however the Authority adheres to state statutes. Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through the PDPA. As of December 31, 2024 and 2023, none of the Authority's bank balances were exposed to custodial credit risk.

Soldier Canyon Water Treatment Authority

Notes to Financial Statements
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3. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2024:

	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 83,869	\$ -	\$ -	\$ 83,869
Construction in progress	654,872	274,806	(502,334)	427,344
Total capital assets, not being depreciated	738,741	274,806	(502,334)	511,213
Capital assets being depreciated:				
Filter plant	66,117,935	3,115,328	502,334	69,735,597
Equipment	3,118,651	105,117	(49,803)	3,173,965
Total capital assets being depreciated	69,236,586	3,220,445	452,531	72,909,562
Less accumulated depreciation for:				
Filter plant	(8,536,724)	(3,247,013)	-	(11,783,737)
Equipment	(1,472,633)	(290,193)	36,652	(1,726,174)
Total accumulated depreciation	(10,009,357)	(3,537,206)	36,652	(13,509,911)
Net capital assets being depreciated	59,227,229	(316,761)	489,183	59,399,651
Net capital assets	\$ 59,965,970	\$ (41,955)	\$ (13,151)	\$ 59,910,864

The following is a summary of capital assets activity for the year ended December 31, 2023:

	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 83,869	\$ -	\$ -	\$ 83,869
Construction in progress	150,712	577,909	(73,749)	654,872
Total capital assets, not being depreciated	234,581	577,909	(73,749)	738,741
Capital assets being depreciated:				
Filter plant	65,961,559	84,170	72,206	66,117,935
Equipment	3,062,561	54,547	1,543	3,118,651
Total capital assets being depreciated	69,024,120	138,717	73,749	69,236,586
Less accumulated depreciation for:				
Filter plant	(5,635,215)	(2,901,509)	-	(8,536,724)
Equipment	(1,187,976)	(284,657)	-	(1,472,633)
Total accumulated depreciation	(6,823,191)	(3,186,166)	-	(10,009,357)
Net capital assets being depreciated	62,200,929	(3,047,449)	73,749	59,227,229
Net capital assets	\$ 62,435,510	\$ (2,469,540)	\$ -	\$ 59,965,970

Soldier Canyon Water Treatment Authority

Notes to Financial Statements
December 31, 2024 and 2023

4. Public Employees' Retirement Association of Colorado Pension Plan

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of December 31, 2023.

Plan Description

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

Benefits Provided as of December 31, 2024

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

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

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

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.

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

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

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

Contributions Provisions as of December 31, 2024

Eligible employees and the Authority 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. The employee contribution rate was 9.0% for the period of January 1, 2023 to December 31, 2023 and was 9.0% for the period of January 1, 2024 to December 31, 2024. The employer contribution requirements for 2024 and 2023 are summarized in the table below: **:

	<u>January 1, 2024 Through December 31, 2024</u>	<u>January 1, 2023 Through December 31, 2023</u>
Employer Contribution Rate**	11.0 %	11.0 %
Amount apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02) %	(1.02) %
Amount apportioned to the LGDTF	9.98 %	9.98 %
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20 %	2.20 %
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50 %	1.50 %
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	.08 %	.06 %
Total Employer Contribution Rate to the LGDTF	13.76 %	13.74 %

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

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

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Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$342,727 and \$319,171 for the years ended December 31, 2024 and 2023, respectively.

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

At December 31, 2024 and 2023, the Authority reported a liability (asset) of \$1,710,189 and \$2,260,903, respectively for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the total pension liability (asset) to December 31, 2024. The Authority's proportion of the net pension liability (asset) was based on the Authority's contributions to the LGDTF for the calendar year 2024 and 2023 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2023, the Authority's proportion was 0.23298%, which was an increase of 0.00747% from its proportion measured as of December 31, 2022.

For the years ended December 31, 2024 and 2023, the Authority recognized pension expense of (\$338,791) and (\$84,698) respectively.

At December 31, 2024 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,550	\$ 1,757
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	499,382	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,324	-
Authority contributions subsequent to the measurement date	342,727	-
Total	<u>\$ 940,983</u>	<u>\$ 1,757</u>

The \$342,727 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 (asset) in the year ending 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:

Years Ending December 31:	Amortization
2025	\$ 101,386
2026	211,497
2027	421,177
2028	(137,561)
Thereafter	-
	<u>\$ 596,499</u>

Soldier Canyon Water Treatment Authority

Notes to Financial Statements
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At December 31, 2023 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,271
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	923,009	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	79,760
Authority contributions subsequent to the measurement date	319,171	-
Total	<u>\$ 1,242,180</u>	<u>\$ 91,031</u>

Actuarial Assumptions

The total pension liability (asset) in the actuarial valuations was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Financial statement date	December 31, 2024	December 31, 2023
Measurement date	December 31, 2023	December 31, 2022
Actuarial valuation date	December 31, 2022	December 31, 2021
Actuarial Cost Method	Entry Age	Entry Age
Price inflation	2.30%	2.30%
Real wage growth	0.70%	0.70%
Wage inflation	3.00%	3.00%
Salary increases, including wage inflation	3.20-11.30%	3.20-11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%	7.25%
Discount rate	7.25%	7.25%
Postretirement benefit increases:		
PERA benefit structure hired prior to January 1, 2007	1.00% compounded annually	1.00% compounded annually
PERA benefit structure hired after December 31, 2006	Financed by the AIR	Financed by the AIR

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis. Preretirement mortality assumptions for members were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Postretirement non-disabled retiree mortality rates are based upon the PubG-2010 Healthy Retiree table with adjustments for credibility and gender, adjusted as follows:

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

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

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

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

The actuarial assumptions used in the December 31, 2022 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016 through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020 and were effective as of December 31, 2020.

Long-Term Expected Return

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

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

PERA's Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, PERA's Board reaffirmed the assumed rate of return at the PERA 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 %	5.6 %
Fixed Income	23.00	1.3
Private Equity	8.50	7.1
Real Estate	8.50	4.4
Alternatives	6.00	4.7
Total	<u>100.00 %</u>	

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

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Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustment resulting from the 2018 and 2020 automatic adjustment provision assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service cost for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 automatic adjustment provision assessments. Employer contributions also include current and estimated future amortization equalization disbursement and supplemental amortization equalization disbursement, until the actuarial value funding ratio reaches 103%, at which point the amortization equalization disbursement and supplemental amortization equalization disbursement will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the annual increase reserve 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 annual increase reserve balance was excluded from the initial fiduciary net position (FNP), as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the FNP and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were \$24.967 million and \$1.033 million, respectively.

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

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Notes to Financial Statements
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Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table 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:

	2024		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net pension liability	\$ 3,352,161	\$ 1,710,189	\$ 334,771

	2023		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net pension liability	\$ 3,795,488	\$ 2,260,903	\$ 976,202

Pension Plan Fiduciary Net Position

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

5. Other Postemployment Benefits

Plan Description

Eligible employees of the Authority are provided with OPEB through the Health Care Trust Fund (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, as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERA Care 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 service credit. 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.

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, 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 on behalf of benefit recipients not covered by Medicare Part A.

Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the 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 Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Authority were \$26,053 and \$24,162 for the years ended December 31, 2024 and 2023, respectively.

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

At December 31, 2024 and 2023, the Authority reported a liability of \$123,216 and \$145,261, respectively, for its proportionate share of the net OPEB liability. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023 and 2022. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2024 and 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Authority's proportion was 0.017264%, which was a decrease of 0.00053 from its proportion measured as of December 31, 2023.

For the years ended December 31, 2024 and 2023 the Authority recognized OPEB expense of (\$236) and (\$54,905), respectively.

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

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At December 31, 2024, the Authority 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
Differences between expected and actual experience	\$ -	\$ 25,255
Changes of assumptions or other inputs	1,449	13,065
Net difference between projected and actual earnings on OPEB plan investments	3,811	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	6,958
Authority contributions subsequent to the measurement date	26,053	-
Total	<u>\$ 31,313</u>	<u>\$ 45,278</u>

The \$26,053 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 ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31:	Amortization
2024	\$ (15,573)
2025	(8,868)
2026	(2,417)
2027	(5,301)
2028	(5,647)
Thereafter	(2,212)
	<u>\$ (40,018)</u>

At December 31, 2023, the Authority 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
Differences between expected and actual experience	\$ 19	\$ 35,129
Changes of assumptions or other inputs	2,335	16,033
Net difference between projected and actual earnings on OPEB plan investments	8,872	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	30,577	-
Authority contributions subsequent to the measurement date	24,162	-
Total	<u>\$ 65,965</u>	<u>\$ 51,162</u>

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

December 31, 2024 and 2023

Actuarial Assumptions

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

Financial statement date	December 31, 2024	December 31, 2023
Measurement date	December 31, 2023	December 31, 2022
Actuarial valuation date	December 31, 2022	December 31, 2021
Actuarial Cost Method	Entry Age	Entry Age
Price inflation	2.30%	2.30%
Real wage growth	0.70%	0.70%
Wage inflation	3.00%	3.00%
Salary increases, including wage inflation	3.20-11.30%	3.20-11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%	7.25%
Discount rate	7.25%	7.25%
Health care cost trend rates		
PERA Benefit Structure:		
Service-based premium subsidy	0.0%	0.0%
PERACare Medicare plans	7.00% in 2023, gradually decreasing to 4.5% in 2033	6.50% in 2022, gradually decreasing to 4.5% in 2030
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035	3.75% in 2022, gradually increasing to 4.50% in 2029

The total OPEB liability for the HCTF, as of the December 31, 2023, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (Tri-County Health), effective December 31, 2023. As of the close of the 2023 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of the December 31, 2023, measurement date.

Beginning January 1, 2023, the per capita health care costs are developed by plan option; based on 2023 premium rates for the United Healthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the United Healthcare 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.

The total OPEB liability 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 (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of the December 31, 2022, measurement date.

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

December 31, 2024 and 2023

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the United Healthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the United Healthcare 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)
65-68	2.2%	2.3%
69	2.8	2.2
70	2.7	1.6
71	3.1	0.5
72	2.3	0.7
73	1.2	0.8
74	0.9	1.5
75-85	0.9	1.3
86 and older	0.0	0.0

Sample Age	MAPD PPO#1 with Medicare Part A <i>Retiree/Spouse</i>		MAPD PPO#2 with Medicare Part A <i>Retiree/Spouse</i>		MAPD HMO (Kaiser) with Medicare Part A <i>Retiree/Spouse</i>	
	Male	Female	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 579	\$ 481	\$ 1,913	\$ 1,589
70	1,901	1,573	650	538	2,149	1,778
75	2,100	1,653	718	566	2,374	1,869

Sample Age	MAPD PPO#1 without Medicare Part A <i>Retiree/Spouse</i>		MAPD PPO#2 without Medicare Part A <i>Retiree/Spouse</i>		MAPD HMO (Kaiser) without Medicare Part A <i>Retiree/Spouse</i>	
	Male	Female	Male	Female	Male	Female
65	\$ 6,469	\$ 5,373	\$ 4,198	\$ 3,487	\$ 6,719	\$ 5,581
70	7,266	6,011	4,715	3,900	7,546	6,243
75	8,026	6,319	5,208	4,101	8,336	6,563

The 2023 and 2022 Medicare Part A premium is \$506 and \$499, respectively, 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.

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

December 31, 2024 and 2023

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, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2024	6.75	3.50
2025	6.50	3.75
2026	6.25	3.75
2027	6.00	.00
2028	5.75	4.00
2029	5.50	4.00
2030	5.25	4.25
2031	5.00	4.25
2032	4.75	4.25
2033	4.50	4.25
2034	4.50	4.25
2035+	4.50	4.50

Mortality assumptions used in the December 31, 2022, 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 valuation for the Trust Fund, but developed on a headcount-weighted basis. Affiliated employers of these Division Trust Funds participate in the Trust Fund.

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

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

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

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

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

December 31, 2024 and 2023

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, 2022 valuation dates 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 have been updated to reflect the change in costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00 %	5.6 %
Fixed Income	23.00	1.3
Private Equity	8.50	7.1
Real Estate	8.50	4.4
Alternatives	6.00	4.7
Total	100.00 %	

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

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

December 31, 2024 and 2023

Sensitivity of the Authority'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 1-percentage-point lower or 1-percentage-point higher than the current rates:

2024	1% Decrease	Current Trend Rates	1% Increase
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50	4.50	5.50
Initial Medicare Part A trend rate	2.50	3.50	4.50
Ultimate Medicare Part A trend rate	3.50	4.50	5.50
Net OPEB Liability	\$ 119,680	\$ 123,216	\$ 127,063

2023	1% Decrease	Current Trend Rates	1% Increase
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50	4.50	5.50
Initial Medicare Part A trend rate	3.00	4.00	5.00
Ultimate Medicare Part A trend rate	3.50	4.50	5.50
Net OPEB Liability	\$ 141,150	\$ 145,261	\$ 149,735

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2024, and the financial status of the HCTF as of the prior measurement date (December 31, 2023). 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, 2023 measurement dates.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

December 31, 2024 and 2023

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Authority'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 or 1-percentage-point higher than the current rate:

	2024		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net OPEB liability	\$ 145,534	\$ 123,216	\$ 104,124
	2023		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net OPEB liability	\$ 168,401	\$ 145,261	\$ 125,470

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

Soldier Canyon Water Treatment Authority

Notes to Financial Statements
December 31, 2024 and 2023

6. Voluntary Investment Program

Plan Description

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

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the Authority has agreed to match employee contributions up to 3% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2024 and 2023 program members contributed \$69,868 and \$80,565 and the Authority recognized pension expense of \$20,971 and \$19,161 respectively, for the Voluntary Investment Program.

7. Risk Management

The Authority is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority is a member of the Colorado Special District Property and Liability Pool (CSDPLP). The Authority has joined together with other special districts in the State of Colorado. This is a public entity risk pool currently operating as a common risk management and insurance program for members. The Authority pays annual contributions for its property and casualty insurance coverage. The intergovernmental agreement provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of specified self-insurance retention.

At December 31, 2023 (the most current audited financial statements) CSDPLP has total admitted assets of \$81,143,798, liabilities of \$58,670,068 and unassigned surplus of \$22,473,730. The liability amount includes no long-term debt. Total revenue for 2023 amounted to \$29,593,851, investment income of \$1,695,393 and total expenses were \$31,416,477 resulting in a net income (loss) of (\$127,233). The amount of the District's share of these amounts is less than 1%.

8. Commitments and Contingencies

Self-Insurance

The Authority is self-insured for property and liability insurance. As discussed in Note 7, the Authority is a member of the CSDPLP. The CSDPLP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CSDPLP has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs.

No current claims are expected to be settled in a manner which would adversely affect the Authority.

Soldier Canyon Water Treatment Authority

Notes to Financial Statements

December 31, 2024 and 2023

9. Related-Party Transactions

As described in Note 1, the Authority has granted water treatment capacity to the Districts. Substantially all of the revenue of the Authority is derived from the Districts. Therefore, the Authority's operations are economically dependent on the continued utilization of the Authority's facilities by the Districts.

The following revenues were billed to the Districts and the following amounts were owed from the Districts to the Authority:

December 31:	<u>2024</u>	<u>2023</u>
Operating Revenues:		
Fort Collins/Loveland Water District	\$ 2,452,519	\$ 2,230,575
East Larimer County Water District	1,373,863	1,292,034
North Weld County Water District	<u>2,487,096</u>	<u>2,336,167</u>
Total operating revenues	<u>\$ 6,313,478</u>	<u>\$ 5,858,776</u>
December 31:	<u>2024</u>	<u>2023</u>
Receivables, Participants:		
Fort Collins/Loveland Water District	\$ 183,581	\$ 176,827
East Larimer County Water District	254,228	247,921
North Weld County Water District	<u>202,506</u>	<u>577,064</u>
Total receivables, participants	<u>\$ 640,315</u>	<u>\$ 1,001,812</u>

10. TABOR Compliance

In November 1992, Colorado voters passed an amendment (TABOR or the Amendment) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Authority under specified voting requirements by the entire electorate.

The Authority believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

11. Subsequent Events

The Authority evaluated subsequent events through June 10, 2025 the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Soldier Canyon Water Treatment Authority

Schedule of the Authority's Proportionate Share of the Net Pension Liability (Asset)*

December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's proportion of the net pension liability (asset)	0.23298%	0.22551%	0.25829%	0.22916%	0.22676%	0.23174%	0.22899%	0.22465%
Authority's proportionate share of the net pension liability (asset)	\$ 1,710,189	\$ 2,260,903	\$ (221,454)	\$ 1,194,209	\$ 1,658,503	\$ 2,913,453	\$ 2,549,690	\$ 3,033,489
Authority's covered payroll	\$ 2,368,809	\$ 1,996,564	\$ 2,015,927	\$ 1,712,369	\$ 1,555,242	\$ 1,521,621	\$ 1,329,979	\$ 1,306,741
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	72.20%	113.24%	10.99%	69.74%	106.64%	191.47%	191.71%	232.14%
Plan fiduciary net position as a percentage of the total pension	88.03%	82.99%	101.49%	90.88%	86.30%	75.96%	79.37%	73.60%

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

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information

Soldier Canyon Water Treatment Authority

Schedule of Authority Contributions - Pension

December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily Required Contribution	\$ 342,727	\$ 319,171	\$ 260,906	\$ 255,620	\$ 217,128	\$ 197,205	\$ 192,942	\$ 168,641
Contributions in Relation to the Statutorily Required Contribution	342,727	319,171	260,906	255,620	217,128	197,205	192,942	168,641
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-
Covered Payroll	2,554,237	2,368,809	1,996,564	2,015,927	1,712,369	1,555,242	1,521,621	1,329,979
Contributions as a Percentage of Covered Payroll	13.42%	13.47%	13.07%	12.68%	12.68%	12.68%	12.68%	12.68%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information

Soldier Canyon Water Treatment Authority

Schedule of the Authority's Proportionate Share of the Net OPEB Liability*

December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's proportion of the net OPEB liability	0.01726%	0.01779%	0.02005%	0.01748%	0.01737%	0.01797%	0.01779%	0.01724%
Authority's proportionate share of the net OPEB liability	\$ 123,216	\$ 145,261	\$ 172,901	\$ 166,146	\$ 195,206	\$ 244,508	\$ 231,250	\$ 208,847
Authority's covered, employee payroll	2,368,809	1,996,564	2,015,927	1,712,369	1,555,242	1,521,621	1,329,979	1,306,741
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	5.20%	7.28%	8.58%	9.70%	12.55%	16.07%	17.39%	15.98%
Plan fiduciary net position as a percentage of the total OPEB liability	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information

Soldier Canyon Water Treatment Authority

Schedule of Authority Contributions - OPEB

December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily Required Contribution	\$ 26,053	\$ 24,162	\$ 20,365	\$ 20,562	\$ 17,466	\$ 15,863	\$ 15,521	\$ 13,566
Contributions in relation to the Statutorily Required Contribution	26,053	24,162	20,365	20,562	17,466	15,863	15,521	13,566
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-
Covered - Employee Payroll	\$ 2,554,237	\$ 2,368,809	\$ 1,996,564	\$ 2,015,927	\$ 1,712,369	\$ 1,555,242	\$ 1,521,621	\$ 1,329,979
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information

Soldier Canyon Water Treatment Authority

Notes to Required Supplementary Information

Year Ended December 31, 2024

Significant changes in plan provisions, assumptions or other inputs affecting trends in actuarial information (measurement date)

Colorado PERA Local Government Division Trust Fund

2023 Changes in Plan Provisions, Assumptions or Other Inputs Since 2022

As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24,000 million payment received on December 4, 2023 and a \$2,000 million receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and Health Care Trust Fund (HCTF) were \$24,967 million and \$1,033 million, respectively.

2022 Changes in Plan Provisions, Assumptions or Other Inputs Since 2021

HB 22-1029, effective upon enactment in 2022, requires the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars) with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190 million (actual dollars) to \$35 million (actual dollars) due to a negative investment return in 2022.

The total pension liability for the Local Government Division, as of the December 21, 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 fiduciary net position as of the December 31, 2022, measurement date.

2021 Changes in Plan Provisions, Assumptions or Other Inputs Since 2020

Member contribution rates increased by 0.50%

Employer contribution rates increased by 0.50%

Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year

2020 Changes in Plan Provisions, Assumptions or Other Inputs Since 2019

Price inflation assumption was lowered from 2.40% to 2.30%

Wage inflation assumption was lowered from 3.50% to 3.00%

Salary scale assumptions were altered to align with the revised economic assumptions and to better reflect actual experience.

Pre-retirement, post-retirement and disability mortality assumptions for active and retired lives were changed from static mortality tables represented by the RP-2014 Mortality tables, with adjustments for credibility and gender, to generational mortality tables represented by various tables presented in the Pub-2010 Public Retirement Plans Mortality Tables Report, projected using MP-2019 projection scale and adjusted for credibility and gender. In addition, a separate beneficiary mortality table was adopted. Rates of termination/withdrawal, retirement and disability were revised to more closely reflect actual experience.

Soldier Canyon Water Treatment Authority

Notes to Required Supplementary Information

Year Ended December 31, 2024

2019 Changes in Plan Provisions, Assumptions or Other Inputs Since 2018

Senate Bill (SB) 18-200 was enacted on June 4, 2018, which included the adoption of the automatic adjustment provision (AAP). The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:

Member contribution rates increase by 0.50%

Employer contribution rates increase by 0.50%

AI cap is lowered from 1.50% per year to 1.25% per year.

House Bill (HB) 19-1217, enacted May 20, 2019, repealed the member contribution increases scheduled for the Local Government Division pursuant to SB 18-200.

2018 Changes in Plan Provisions, Assumptions or Other Inputs Since 2017

Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020 and an additional 0.50% effective July 1, 2021.

Annual Increase (AI) cap is lowered from 2.00% per year to 1.50% per year.

Initial AI waiting period is extended from one year after retirement to three years after retirement.

AI payments are suspended for 2018 and 2019.

The number of years used in the Highest Average Salary calculation for nonvested members as of January 1, 2020, increases from three to five years for the Local Government Division.

Colorado PERA Health Care Trust Fund

2023 Changes in Plan Provisions, Assumptions or Other Inputs Since 2022

As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24,000 payment received on December 4, 2023 and a \$2,000 receivable. The employer disaffiliation payment and receivable allocation to the HCTF and Local Government Division Trust Fund were \$1,033 and \$24,967, respectively.

2022 Changes in Plan Provisions, Assumptions or Other Inputs Since 2021

The total OPEB liability for the Health Care Trust Fund (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 (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of the December 31, 2022, measurement date.

2021 Changes in Plan Provisions, Assumptions or Other Inputs Since 2020

There were no changes made to plan provisions, actuarial methods or assumptions, or other inputs that had a significant effect on trends in actuarial information.

2020 Changes in Plan Provisions, Assumptions or Other Inputs Since 2019

Price inflation assumption was lowered from 2.40% to 2.30%

Wage inflation assumption was lowered from 3.50% to 3.00%

Salary scale assumptions were altered to align with the revised economic assumptions and to better reflect actual experience.

Pre-retirement, post-retirement and disability mortality assumptions for active and retired lives were changed from static mortality tables represented by the RP-2014 Mortality tables, with adjustments for credibility and gender, to a generational mortality tables represented by various tables presented in the Pub-2010 Public Retirement Plans Mortality Tables Report, projected using MP-2019 projection scale and adjusted for credibility and gender. In addition, a separate beneficiary mortality table was adopted.

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

Health care cost and trend assumptions were updated for December 31, 2019 funding valuation and reflected in the TOL as of the December 31, 2020 measurement date.

Soldier Canyon Water Treatment Authority

Notes to Required Supplementary Information

Year Ended December 31, 2024

2019 Changes in Plan Provisions, Assumptions or Other Inputs Since 2018

There were no changes made to plan provisions, actuarial methods or assumptions, or other inputs that had a significant effect on trends in actuarial information.

2018 Changes in Plan Provisions, Assumptions or Other Inputs Since 2017

There were no changes made to plan provisions, actuarial methods or assumptions, or other inputs that had a significant effect on trends in actuarial information.

SUPPLEMENTARY INFORMATION

Soldier Canyon Water Treatment Authority

Schedules of Revenues and Expenses - Budget and Actual (Budgetary Basis) (With Summarized Prior Year Information)
 Years Ended December 31, 2024 and 2023

			<u>2024</u>		<u>2023</u>
	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual Amounts Budget Basis</u>	<u>Variances With Final Budget Positive (Negative)</u>	<u>Actual Amounts Budget Basis</u>
Revenues and Contributions					
Operating revenues:					
North Weld County Water District	\$ 2,515,157	\$ 2,515,157	\$ 2,487,096	\$ (28,061)	\$ 2,336,167
Fort Collins-Loveland Water District	2,512,838	2,512,838	2,452,519	(60,319)	2,230,575
East Larimer County Water District	1,407,635	1,407,635	1,373,863	(33,772)	1,292,034
Total operating revenues	6,435,630	6,435,630	6,313,478	(122,152)	5,858,776
Nonoperating revenue:					
Contributions from participants	1,936,738	1,936,738	1,936,736	(2)	2,003,997
Earnings on investments	500	500	111,121	110,621	62,751
Miscellaneous income	5,000	5,000	99,823	94,823	25,350
Total nonoperating revenues	1,942,238	1,942,238	2,147,680	205,442	2,092,098
Total revenues	8,377,868	8,377,868	8,461,158	83,290	7,950,874
Expenditures					
Operating and maintenance:					
Personnel	2,446,610	2,446,610	2,586,377	139,767	2,390,728
Employee benefits	859,943	859,943	595,222	(264,721)	638,668
Unemployment taxes	6,690	6,690	5,108	(1,582)	4,737
Payroll taxes	34,388	34,388	36,267	1,879	33,550
Source of supply	160,000	160,000	58,632	(101,368)	134,029
Chemicals	1,350,500	1,350,500	1,223,306	(127,194)	1,082,282
Supplies	112,407	112,407	80,938	(31,469)	78,324
Repairs	749,716	749,716	194,918	(554,798)	248,297
Telephone	9,800	9,800	12,127	2,327	9,273
Utilities, gas and electric	183,037	183,037	136,782	(46,255)	154,451
Water resources	72,570	72,570	310,075	237,505	303,844
Watershed expenses	20,000	20,000	13,214	(6,786)	14,644
Total operating and maintenance	6,005,661	6,005,661	5,252,966	(752,695)	5,092,827
Administration and General					
Insurance	210,000	210,000	195,816	(14,184)	190,305
Office supplies	35,042	35,042	23,751	(11,291)	22,367
Outside services	160,709	160,709	95,576	(65,133)	81,114
Publications	11,974	11,974	6,132	(5,842)	7,481
Directors' expenses	3,465	3,465	12,209	8,744	18,054
Total administration	421,190	421,190	333,484	(87,706)	319,321