

ESTES PARK LOCAL MARKETING DISTRICT

Annual Financial Report and
Independent Auditor's Report

December 31, 2022




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Independent Auditor's Report

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Members of the Board of Directors
Estes Park Local Marketing District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Estes Park Local Marketing District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Estes Park Local Marketing District, as of December 31, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Estes Park Local Marketing District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.



An independently owned member
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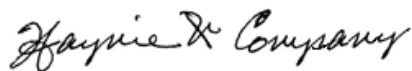
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Estes Park Local Marketing District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Estes Park Local Marketing District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.



Littleton, Colorado
July 28, 2023

**Estes Park Local Marketing District
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

This section of the annual financial report offers readers of the Estes Park Local Marketing District's (the "District") financial statements, management's discussion and analysis of the District's financial performance during the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided in the District's financial statements, which immediately follow this section.

Background Information

The District was created by voter approval of its formation and subsequent lodging tax levy in the November 2008 general election, in accordance with state statutes that allow for the formation of a taxing district. The predominant fund approach for the District is comprised of one basic fund, the General Fund, which is primarily financed by levying a two percent lodging tax on all short-term stays of less than 30 days (commercial property and property management systems).

Financial Highlights

- The District's financial status trended significantly higher over the course of the 2022 fiscal year. Total net position increased \$1,016,652.
- Lodging Tax revenues account for \$3,415,369 or 90.1percent of all revenues. There were program-specific revenues of \$328,246 in charges for services and \$42,992 in operating grants during 2022. The District had other miscellaneous income of \$697; as well as \$2,270 in investment income.
- The District had \$2,772,922 in expenses related to governmental activities; some of these expenses were offset by program-specific charges for services or operating grants and contributions. General revenues consisting of lodging taxes and other revenues were adequate to provide for these programs, with a \$1,016,652 positive change in net position.
- The District had no outstanding long-term debt as of December 31, 2022.

Overview of the Financial Statements

This annual financial report consists of three parts: management's discussion and analysis, the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information.

**Estes Park Local Marketing District
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Detailed in the following diagram are how the various parts of this annual report are arranged and relate to one another.

Table 1

**Organization of the Estes Park Local Marketing District's
Annual Financial Report**

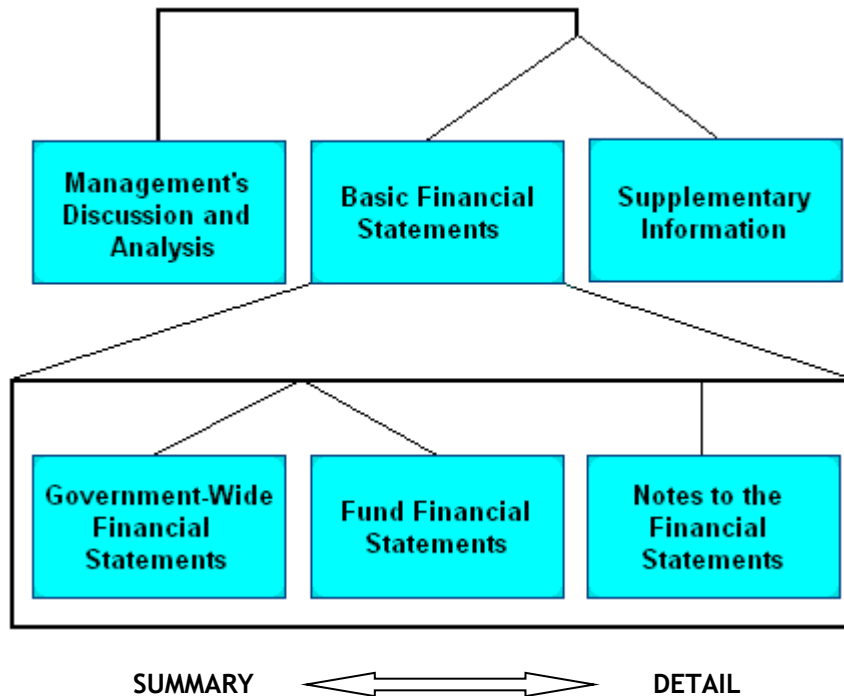


Table 2, displayed on the following page, summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two types of financial statements, government-wide and fund financial statements, found in the basic financial statements.

**Estes Park Local Marketing District
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Table 2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements Governmental Fund
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. These statements provide both short-term and long-term information about the District's overall financial status.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of buildings and equipment.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flow in future fiscal periods.

**Estes Park Local Marketing District
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). Included in governmental activities are most of the District's basic services such as destination marketing and promotion.

The basic government-wide financial statements can be found on pages 1-6 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- *Governmental fund:* The District's basic services are included in the governmental fund, generally focusing on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental fund statements explaining the relationship (or difference) between them.

The District maintains one governmental fund, the General Fund which is considered a major fund. The basic governmental fund financial statements can be found on pages 3 - 6 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-33 of this report.

**Estes Park Local Marketing District
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Financial Analysis of the District as a Whole

Net position and Changes in Net Position

The District's net position was greater on December 31, 2022 than the previous year, increasing to \$2,571,371 on the accrual basis of accounting. Table 3, displayed below, provides a summary of the District's net position as of December 31, 2022 and 2021.

**Table 3
Condensed Statement of Net Position**

	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$ 3,421,632	\$ 2,811,257
Non-Current assets	<u>111,679</u>	<u>30,965</u>
Total assets	<u>3,533,311</u>	<u>2,842,222</u>
Deferred outflows of resources		
Deferred outflows of resources re: pensions	<u>187,266</u>	<u>312,833</u>
Total deferred inflows of resources	<u>187,266</u>	<u>312,833</u>
Liabilities		
Current liabilities	200,823	289,825
Noncurrent liabilities	<u>151,895</u>	<u>708,102</u>
Total liabilities	<u>352,718</u>	<u>997,927</u>
Deferred inflows of resources		
Deferred inflows of resources re: pensions	<u>796,488</u>	<u>602,409</u>
Total deferred inflows of resources	<u>796,488</u>	<u>602,409</u>
Net position		
Net investment in capital assets	23,087	30,965
Nonspendable - prepaid items	-	-
Restricted for emergencies (TABOR)	92,706	127,114
Unassigned	<u>2,455,578</u>	<u>1,396,640</u>
Total net position	<u>\$ 2,571,371</u>	<u>\$ 1,554,719</u>

**Estes Park Local Marketing District
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Table 4, displayed below, provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

**Table 4
Condensed Statement of Activities**

<u>Years Ended December 31,</u>	<u>2022</u>	<u>2021</u>
<u>Revenues</u>		
Program revenues		
Charges for services	\$ 328,246	\$ 322,630
Operating grants & awards	42,992	-
General revenues		
Lodging taxes	3,415,369	3,551,271
Earnings on investments	2,270	132
Other	697	363,112
Total revenue	<u>3,789,574</u>	<u>4,237,145</u>
<u>Expenses</u>		
Administration/Personnel services	826,652	1,205,784
Marketing & operations	1,946,270	2,008,566
Grants & awards	-	-
Total expenses	<u>2,772,922</u>	<u>3,214,350</u>
Increase (Decrease) in net position	<u>\$ 1,016,652</u>	<u>\$ 1,022,795</u>

Lodging taxes account for a majority of the District's revenue, contributing 90.1 cents for every dollar raised (see Table 5) and the remaining 9.9 cents came from charges for service and from other sources.

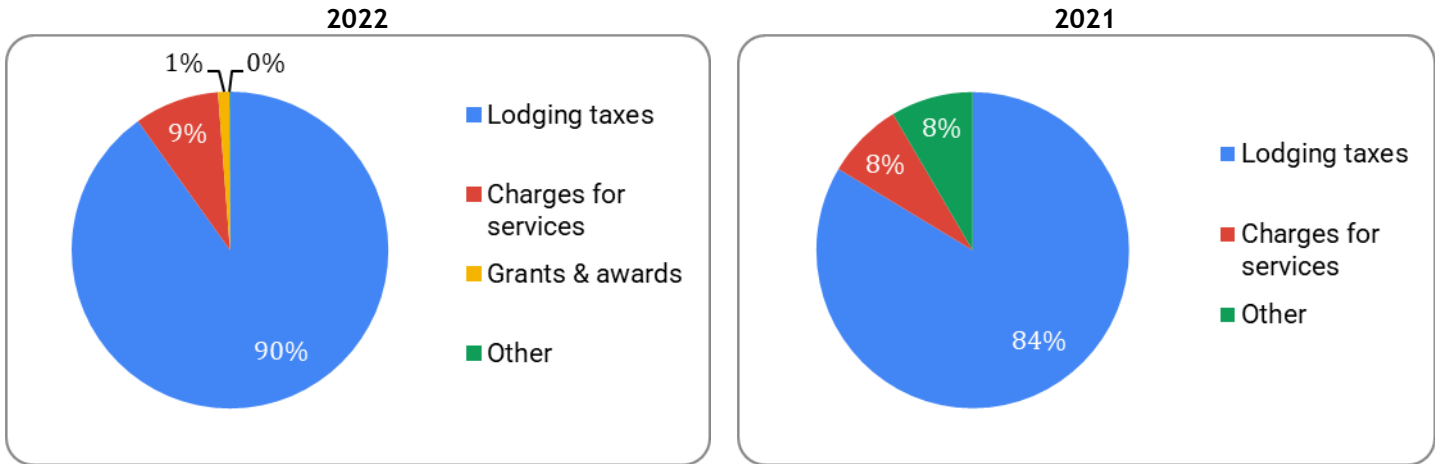
The District expenses predominantly relate to payment for destination marketing and promotion for 2022 and 2021.

The District saw a decrease in tax revenue in 2022 compared to 2021 by \$135,902. The district had a decrease in expenses from 2021 in the amount of \$441,428.

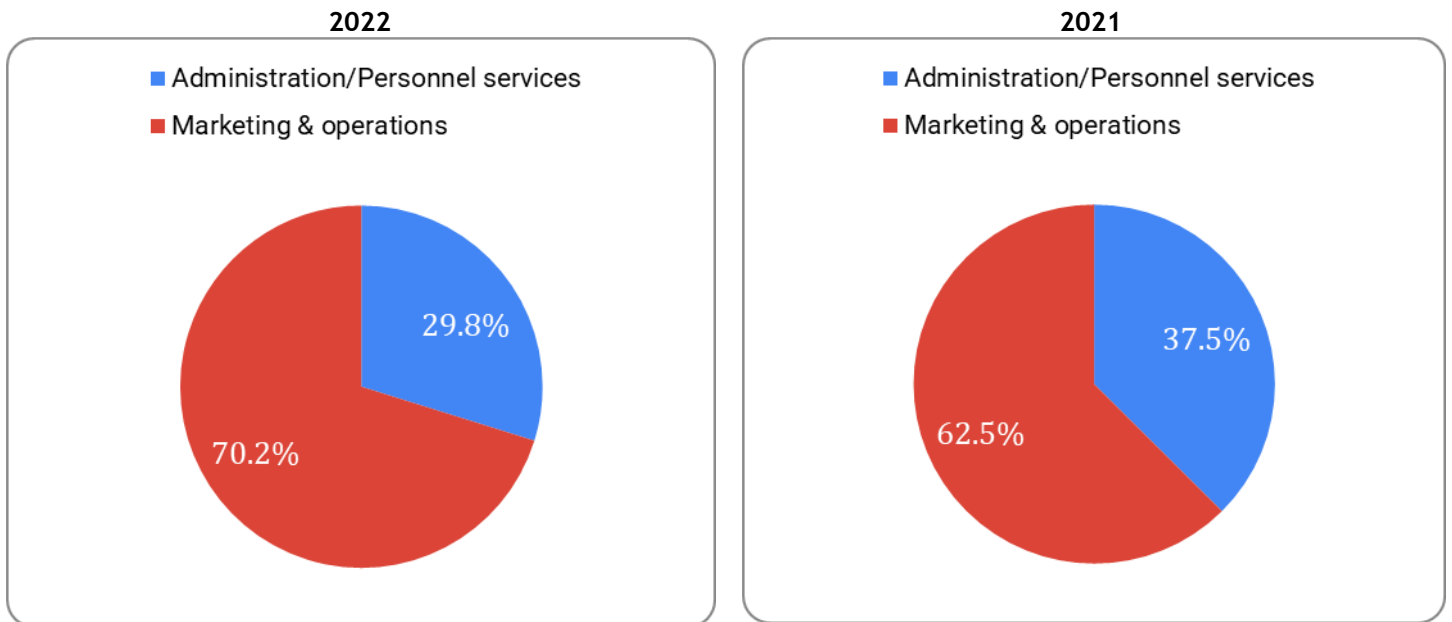
**Estes Park Local Marketing District
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Detailed below in Tables 5 and 6 are charts displaying revenues by sources and expenses by program for the total District.

Table 5



**Table 6
Expenses for Fiscal Year**



**Estes Park Local Marketing District
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 7 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by lodging taxes.

**Table 7
Net Cost of Governmental Activities**

	<u>Total Cost</u>	<u>Net Cost of Services</u>
Administrative/Personnel services	\$ 826,652	\$ 826,652
Marketing & operations	1,946,270	1,575,032
Grants & awards	-	-
	<hr/>	<hr/>
Total	<u>\$ 2,772,922</u>	<u>\$ 2,401,684</u>

Financial Analysis of the District's Funds

Governmental Activities

The increase in net position for governmental activities was \$1,016,652 in the 2022 fiscal year.

The governmental funds monitor cash resources and expenditures.

General Fund

The General Fund was established and is continually funded to provide for the daily activities, salaries, expenses, and operating costs of the District. This fund provides for functional areas of the organization - administration/personnel services, marketing and operations, and grants & awards. The primary funding source for the General Fund is lodging taxes. Other sources of income for the General Fund include earnings on investments and other sources. The primary projects or program efforts for establishing needed funding during 2022 were:

1. Administration/Personnel services of the District.
2. Marketing and operations.

**Estes Park Local Marketing District
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The District's budget for the General Fund anticipated that expenditures would exceed revenues by \$210,000. The actual results for the year show revenues over expenditures of \$699,377 in the General Fund for 2022.

It should be noted that the District's budget format is designed to establish and monitor divisional functions of the District's operations to more closely align expenses with the areas of responsibility. These divisions are set up as cost centers for accountability in each of the following areas:

- Administration/personnel services
- Marketing and operations
- Grants and awards

The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). As of December 31, 2022, the District's TABOR reserve amounted to \$122,920.

Capital Assets and Debt Administration

Long-Term Debt

The District had no outstanding debt at year-end. The District has not incurred any long-term debt since its inception.

**Estes Park Local Marketing District
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial position in the future:

The District's budget for 2023 forecasts lodging tax revenue of \$9,392,438. This is an increase over the prior year's budget due to the passing of HB22-1117 in the State of Colorado, and the subsequent passing of Ballot Issue 6E in the Town of Estes Park. The Ballot Issue increased the District's lodging tax rate from 2% to 5.5% on guest lodging. Ninety percent of the incremental increase will be passed along to the Town of Estes Park to be utilized toward workforce housing and childcare initiatives. The remaining ten percent will be retained by the District for marketing purposes.

Operations of the Estes Park Local Marketing District are periodically reviewed by elected officials of the Town of Estes Park and Larimer County. By the intergovernmental agreement (IGA) used to form the district, annually, in October, but no later than December 5, both governmental entities are required to approve the District's Operating Plan for the coming year. In addition, the same IGA provides an evergreen clause for the local marketing district, stating that the District shall remain in effect until and unless on or before July 1 of any calendar year, either the Town or County provides written notice to the other of its intent to terminate the agreement. In such event, the District shall automatically terminate on December 31 of the year in which such notice is given.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Estes Park Local Marketing District at P.O. Box 4426, 1692 Big Thompson Ave., Ste. 101, Estes Park, CO, 80517.

Basic Financial Statements

Estes Park Local Marketing District

Statement of Net Position

December 31, 2022

Assets	Governmental Activities
Current assets:	
Cash	\$ 2,698,093
Taxes receivable	309,338
Accounts receivable	406,429
Prepaid items	<u>7,772</u>
Total current assets	<u>3,421,632</u>
Long-Term assets:	
Capital assets, net (Note 4)	76,995
Net pension asset	<u>88,592</u>
Total long-term assets	<u>165,587</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	155,326
Deferred outflows related to OPEB	<u>31,940</u>
Total deferred outflows of resources	<u>187,266</u>
Total assets and deferred outflows of resources	<u><u>\$ 3,774,485</u></u>
Liabilities	
Current liabilities:	
Accounts payable	<u>\$ 200,823</u>
Total current liabilities	<u>200,823</u>
Noncurrent liabilities:	
Lease liability	54,858
Net OPEB liability	69,266
Accrued compensated absences	<u>82,629</u>
Total noncurrent liabilities	<u>206,753</u>
Deferred Inflows of Resources	
Deferred inflows related to pension	772,018
Deferred inflows related to OPEB	<u>24,470</u>
Total deferred inflows of resources	<u>796,488</u>
Net Position	
Investment in capital assets	76,995
Restricted for emergencies	92,706
Unrestricted	<u>2,400,720</u>
Total net position	<u>2,570,421</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 3,774,485</u></u>

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

Estes Park Local Marketing District
Statement of Activities
For the Year Ended December 31, 2022

				Net (Expense) Revenue and Changes in Net Position
<u>Functions/Program Activities</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Personnel services	\$ 826,652	\$ -	\$ -	\$ (826,652)
Marketing and operations	<u>1,947,220</u>	<u>328,246</u>	<u>42,992</u>	<u>(1,575,982)</u>
Total governmental activities	<u><u>\$ 2,773,872</u></u>	<u><u>\$ 328,246</u></u>	<u><u>\$ 42,992</u></u>	<u><u>\$ (2,402,634)</u></u>
General revenues (expenses)				
Lodging taxes				\$ 3,415,369
Other income				697
Interest income				<u>2,270</u>
Total general revenues				<u><u>3,418,336</u></u>
Change in net position				1,015,702
Net position - beginning of year				<u>1,554,719</u>
Net position - end of year				<u><u>\$ 2,570,421</u></u>

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

Estes Park Local Marketing District

Governmental Funds Balance Sheet

December 31, 2022

	General Fund	Total Governmental Funds
Assets		
Cash	\$ 2,698,093	\$ 2,698,093
Taxes receivable	309,338	309,338
Accounts receivable	406,429	406,429
Prepaid items	7,772	7,772
Total assets	<u>\$ 3,421,632</u>	<u>\$ 3,421,632</u>
Liabilities		
Accounts payable	\$ 200,823	\$ 200,823
Total current liabilities	<u>200,823</u>	<u>200,823</u>
Fund Balances		
Nonspendable - prepaid items	7,772	7,772
Restricted for emergencies	92,706	92,706
Unassigned	<u>3,120,331</u>	<u>3,120,331</u>
Total fund balance	<u>3,220,809</u>	<u>3,220,809</u>
Total liabilities and fund balances	<u>\$ 3,421,632</u>	<u>\$ 3,421,632</u>

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

Estes Park Local Marketing District

Reconciliation of the Governmental Funds Balance Sheet With the Government-Wide Statement of Net Position December 31, 2022

Fund Balances - Total Governmental Funds	\$ 3,220,809
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund balance sheet. In the statement of net assets, the cost of these assets are capitalized and expensed over their useful lives through annual depreciation.

Governmental capital assets, net	76,995
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Net pension assets are not available to pay for current-period expenditures, and, therefore, are unavailable in the governmental funds.

Net pension asset	88,592
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Deferred outflows are not current assets or financial resources, and deferred inflows are not due and payable in the current period and therefore are not reported in the fund balance sheet.

Deferred outflows related to pension	155,326
Deferred inflows related to pension	(772,018)
Deferred outflows related to OPEB	31,940
Deferred inflows related to OPEB	(24,470)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.. Long-term liabilities at year end consist of:

Lease liability, including accrued interest	(54,858)
Accrued compensated absences	(82,629)
Net OPEB liability	(69,266)

Net position of governmental activities	<u>\$ 2,570,421</u>
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The accompanying notes are an integral part of these financial statements.

Estes Park Local Marketing District
Statement of Revenues, Expenditures,
and Changes in Fund Balances
December 31, 2022

	General Fund	Total
Revenues		
Lodging taxes	\$ 3,415,369	\$ 3,415,369
Charges for services	328,246	328,246
Grants	42,992	42,992
Miscellaneous	697	697
Interest income	<u>2,270</u>	<u>2,270</u>
Total Revenues	<u>3,789,574</u>	<u>3,789,574</u>
Expenditures		
Personnel services	1,151,805	1,151,805
Marketing and operations	<u>1,938,392</u>	<u>1,938,392</u>
Total Expenditures	<u>3,090,197</u>	<u>3,090,197</u>
Excess of Expenditures over Revenues	<u>699,377</u>	<u>699,377</u>
Net Change in fund balance	699,377	699,377
Fund balances:		
Beginning of the year	<u>2,521,432</u>	<u>2,521,432</u>
End of the year	<u><u>\$ 3,220,809</u></u>	<u><u>\$ 3,220,809</u></u>

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

Estes Park Local Marketing District

Reconciliation of the Statement of Revenues, Expenditures And Changes In Fund Balances of Governmental Activities To The Statement of Activities December 31, 2022

Net change in fund Balances - total Governmental Funds	\$ 699,377
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	(7,878)
Changes in the District's net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension plan for the current year are not reported in the governmental funds but are reported in the statement of activities.	
	306,071
Changes in the District's OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the OPEB plan for the current year are not reported in the governmental funds but are reported in the statement of activities.	
	2,991
Some revenues/expenses reported in the statement of activities do not require the receipt/use of current financial resources and, therefore, are not reported as revenues/expenditures in the governmental funds.	
Leases	(950)
Change in accrued compensated absences	<u>16,091</u>
Change in net position of governmental activities	<u>\$ 1,015,702</u>

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

Estes Park Local Marketing District

Notes to Financial Statements

December 31, 2022

1. Definition of Reporting Entity

The Estes Park Local Marketing District (the “District” or “Visit Estes Park”), a component unit of the Town of Estes Park (the “Town”), Colorado, was established by election in November 2008 to assist with the marketing of businesses and activities in the District’s boundaries, which include the District of Estes Park (the “District”) and the surrounding area. The election allowed Visit Estes Park to assess a 2% marketing and promotion tax on all lodging establishments in the District. Visit Estes Park has a separate Board of Directors with seven members appointed by the Town and Larimer County (the “County”).

The District is organized under the provisions of Section 29-1-201 of the Colorado Revised Statutes (“CRS”) and Article XIV, Section 18 of the Colorado Constitution. Pursuant to Section 29-25-112, CRS, the District levies a marketing and promotional tax on the purchase price paid or charged to persons for accommodations (“Lodging Tax”) within the District’s boundaries.

2. Summary of Significant Accounting Policies

The financial statements of the Estes Park Local Marketing District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The District’s basic financial statements include the accounts and funds of all District operations. The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

Principles Determining Scope of Reporting Entity

The financial statements of the District consist only of the funds and account groups of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and election of the respective governing board.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. Governmental activities are generally supported by taxes, charges for services and intergovernmental revenues.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

There are no business-type activities in the District for the year ended December 31, 2022.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

The District maintains one governmental fund, the General Fund which is considered a major fund. The District's basic services are included in the governmental fund, generally focusing on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental fund statements explaining the relationship (or difference) between them.

Measurement Focus and Basis of Accounting

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

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Lodging taxes and intergovernmental grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

Operating Plan

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

- By September of each year, the District shall file with the Town and County an Operating Plan specifically identifying services to be provided by the District, and Marketing and Promotion Tax to be levied by the District, and such additional information as may be appropriate or required to inform the Town and County as to the activities, services and funding of the District in the upcoming calendar year. The Operating Plan shall include a proposed budget for the next fiscal year;
- The Town, County or both may require the District to supplement the Operating Plan or budget when necessary;
- The Town and County shall approve, modify or disapprove the Operating Plan within thirty (30) days after receipt of the Operating Plan and all requested documentation relating thereto, but no later than December 5th of the year in which such documents are filed;
- The services and financial arrangements of the District shall conform so far as practical to the approved Operating Plan;
- The District may amend the Operating Plan from time to time with the approval of both the Town and County.

Cash

Cash includes cash on hand and demand deposits.

Accounts Receivable

Accounts receivable are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of December 31, 2022, there were no amounts determined to be uncollectible.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items in the government-wide financial statements and will be reported as expenses in the following year. These amounts are reflected as expenditures in the year paid in the governmental fund financial statements.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful life of office and IT equipment is five years.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered as it is probable that the District will compensate the employees for the benefits earned. Upon termination of employment from the District, an employee will be compensated for all unused personal time off at their current rate of pay, as follows: up to 3 years of employment: 50%, 4-7 years: 60%, 8-15 years: 70%, 16-19 years: 80%, and +20 years: 100%.

Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. The District has recorded a liability of \$82,629 at December 31, 2022.

Accrued Liabilities

All payables and accrued liabilities are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements, regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current resources. Payments made within 60 days after year-end are considered to have been made with current available financial resources.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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 position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) 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 position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The District's deferred inflows and outflows of resources related to pensions and other post-employment benefits, are further described in Notes 6 and 7.

Net Position and Fund Balance

In the government-wide financial statements, net position is classified in the following categories:

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents the net position of the District, which are not restricted for any project or other purpose. A deficit will require future funding.

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* - amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

The District establishes fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget.

Revenue Recognition/Lodging Taxes

Lodging Taxes are assessed on all lodging establishments within the District. Lodging Tax collections are remitted to the State of Colorado, Department of Revenue. Lodging Tax receipts are collected by the Department of Revenue each month and are remitted to the District two months in arrears. Lodging tax revenues are recognized in the government-wide financial statements in the year that the lodging taxes were reported by the Colorado Department of Revenue.

In the fund financial statements, lodging taxes are recognized in the month for which they are assessed provided they become available and measurable. Lodging tax revenues are considered available when they become due or past due and are received by the District within 60 days of the end of the fiscal year.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Pensions

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

Other Post-Employment Benefits

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

New Accounting Pronouncements

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases on January 1, 2022. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It established requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a right of use asset and a lease liability. These changes were incorporated in the District's 2022 financials resulting in a right of use asset and liability in the amount of \$85,918 at January 1, 2022.

Leases

The District is a lessee for noncancellable leases of office spaces. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide statements.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses the Municipal Bond Rate.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

3. Cash and Investments

Custodial Credit Risks – 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 amounts insured by the Federal Deposit Insurance Corporation (FDIC) 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. As of December 31, 2022, the District had cash deposits with a carrying balance of \$2,698,093 and a bank balance of \$2,701,069.

Investments

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

- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities,
- bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

As of December 31, 2022, the District does not have any investments.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

4. Capital Assets

The following table presents capital assets activity of the District for the year ended December 31, 2022:

	12/31/2021 Beginning Balance	Additions	Deletions	12/31/2022 Ending Balance
Capital assets, being depreciated:				
Office and IT Equipment	\$ 40,974	\$ -	\$ -	\$ 40,974
Right-to-use assets	-	85,918	-	85,918
Less accumulated depreciation for:				
Office and IT Equipment	(10,009)	(7,878)	-	(17,887)
Right-to-use assets	-	(32,010)	-	(32,010)
Total capital assets, being depreciated, net	\$ 30,965	\$ 46,030	\$ -	\$ 76,995

Depreciation expense has been allocated to the marketing and operations function in the accompanying statement of activities.

5. Long-term Liabilities

The following is an analysis of the District's change in long-term obligations:

	12/31/2021 Beginning	Additions	Reductions	12/31/2022 Ending	Amounts Due Within One Year
Right-to-use lease liabilities	\$ -	\$ 85,919	\$ (31,061)	\$ 54,858	\$ 32,508
Compensated absences	98,720	-	(16,091)	82,629	-
Total Long-term Debt	\$ 98,720	\$ 85,919	\$ (47,152)	\$ 137,487	\$ 32,508

Right-to-use lease liability

The District has entered into a lease agreement allowing the right-to-use property over the term of the lease. The District is required to make monthly payments at its incremental borrowing rate, or the interest rate stated or implied within the lease.

The lease rate, term and ending lease liability are as follows:

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

5. Long-term Liabilities (continued)

	<u>Interest rate</u>	<u>Commencement</u>	<u>Term in Years</u>	<u>Balance</u>
Leased real estate	0.78%	\$ 85,919	2.7	\$ 54,858

The value of the right-to-use asset as of December 31, 2022 was \$53,908, including accumulated amortization of \$32,010.

The future minimum lease payments under non-cancelable leases as of December 31, 2022 are as follows:

	<u>Operating leases</u>
2023	\$ 32,800
2024	22,400
Less: imputed interest	(342)
Total future minimum lease payments	<u>\$ 54,858</u>
Lease commitments - current portion	\$ 32,508
Lease commitments - Long-term portion	22,349
Total	<u>\$ 54,858</u>

6. Risk Management

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

The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

7. Defined Benefit Pension Plan

Plan Description

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

Benefits provided as of December 31, 2022

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

7. Defined Benefit Pension Plan (continued)

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

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

Contributions provisions as of December 31, 2022

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

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022
Employee contribution (all employees)	8.50%	9.00%

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

The employer contribution requirements for all employees are summarized in the table below:

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

7. Defined Benefit Pension Plan (continued)

	2021
Employer contribution rate	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the LGDTF	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%
Total employer contribution rate to the LGDTF	13.20%

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$120,964 for the year ended December 31, 2022.

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

At December 31, 2022, the District reported an asset of \$88,592 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020, using standard roll-forward techniques to determine the liability as of December 31, 2022. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. For the plan year end, the District's proportion was approximately 0.1033 percent, which was an increase of .0007 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the District recognized a pension expense (benefit) of \$(306,071). At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

7. Defined Benefit Pension Plan (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,330	\$ 1,480
Changes of assumptions or other inputs	30,031	-
Net difference between projected and actual earnings on pension plan investments	-	766,341
Changes in proportion and differences between contributions and proportionate share of contributions	-	4,198
Contributions subsequent to measurement date	120,964	-
Total	<u>\$ 155,325</u>	<u>\$ 772,019</u>

The \$120,964 above reported as deferred outflow of resources related to pensions, resulting from contributions made subsequent to the measurement date, will be recognized as a reduction (increase) of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2023	\$ (169,778)
2024	(289,986)
2025	(184,901)
2026	(92,993)
Total	<u>\$ (737,658)</u>

Actuarial Assumptions

The total pension asset in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Estes Park Local Marketing District

Notes to Financial Statements (continued)

December 31, 2022

7. Defined Benefit Pension Plan (continued)

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20%–11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

The total pension liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the annual increase cap, resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

Post-retirement non-disabled mortality assumptions 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.

Estes Park Local Marketing District

Notes to Financial Statements (continued)

December 31, 2022

7. Defined Benefit Pension Plan (continued)

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

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

Disabled mortality assumptions for members 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 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 factor 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-rate of return, the target asset allocation and best estimates of geometric real rates of returns for each major asset class are summarized in the table as follows:

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

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

7. Defined Benefit Pension Plan (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent. 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, 2020, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2020). 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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

7. Defined Benefit Pension Plan (continued)

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the proportionate share of the net pension liability (asset) to changes in the discount rate

The following presents the Trust Fund's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount	1% Increase (8.25%)
Proportionate share of the net pension liability (asset)	\$ 607,440	\$ (88,592)	\$ (670,793)

Pension plan fiduciary net position

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

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

8. Other Post-Employment Benefits

General Information about the OPEB Plan

Eligible employees of Estes Park Local Marketing District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid. Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

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 percent reduction in the subsidy for each year less than 20.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

8. Other Post-Employment Benefits (continued)

The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit.

Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$9,176 for the year ended December 31, 2022.

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

At December 31, 2022, the District reported a liability of \$69,266 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District's proportion was 0.0080 percent which was an increase of .0002 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the District recognized OPEB expense (income) of \$(2,992). At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

8. Other Post-Employment Benefits (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 106	\$ 16,424
inputs	1,434	3,757
Net difference between projected and actual earnings on pension plan	-	4,288
Changes in proportion and differences between contributions measurement date	21,226	-
	<u>9,176</u>	<u>-</u>
Total	<u>\$ 31,942</u>	<u>\$ 24,469</u>

The \$9,176 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31,</u>	
2023	\$ 132
2024	375
2025	1,483
2026	(3,367)
Thereafter	<u>(326)</u>
Total	<u>\$ (1,703)</u>

Actuarial assumptions

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

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

8. Other Post-Employment Benefits (continued)

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.20 – 11.30 percent
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.0 percent
PERACare Medicare plans	4.50 percent in 2021, 6.00 percent in 2022 gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.75 percent for 2021, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.0 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

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

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

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

8. Other Post-Employment Benefits (continued)

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

8. Other Post-Employment Benefits (continued)

Mortality assumptions used in the December 31, 2020 valuation for the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the December 31, 2020, valuation for the Trust Fund, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions 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.

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.

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

8. Other Post-Employment Benefits (continued)

The actuarial assumptions used in the December 31, 2020, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 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.

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

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

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

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

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

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

8. Other Post-Employment Benefits (continued)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 67,277	\$ 69,266	\$ 71,570

Discount rate.

The discount rate used to measure the total OPEB liability was 7.25 percent. 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, 2020, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2020). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the Trust Fund representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

8. Other Post-Employment Benefits (continued)

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

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 80,445	\$ 69,266	\$ 59,717

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

9. TABOR Compliance

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

Estes Park Local Marketing District
Notes to Financial Statements (continued)
December 31, 2022

9. TABOR Compliance (continued)

Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves. The District considers \$112,920 as designated for the TABOR's three percent Reserved for Emergency for 2022.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

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

Estes Park Local Marketing District

Required Supplementary Information

Estes Park Local Marketing District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
December 31, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Lodging taxes	\$ 2,975,000	\$ 3,415,369	\$ 440,369
Charges for services	425,000	328,246	(96,754)
Grants & Awards	40,000	42,992	2,992
Miscellaneous	4,000	697	(3,303)
Interest income	<u>-</u>	<u>2,270</u>	<u>2,270</u>
Total Revenues	<u>3,444,000</u>	<u>3,789,574</u>	<u>345,574</u>
Expenditures:			
Personnel services	1,222,011	1,151,805	70,206
Grants & Awards	40,000	-	40,000
Marketing and operations	<u>2,501,989</u>	<u>1,938,392</u>	<u>563,597</u>
Total Expenditures	<u>3,764,000</u>	<u>3,090,197</u>	<u>673,803</u>
Excess of Revenue Over (Under)			
Expenditures	<u>(320,000)</u>	<u>699,377</u>	<u>1,019,377</u>
Net Change in fund balance	(320,000)	699,377	1,019,377
Fund Balance—Beginning of year	<u>1,676,406</u>	<u>2,521,432</u>	<u>845,026</u>
Fund Balance—End of Year	<u><u>\$ 1,356,406</u></u>	<u><u>\$ 3,220,809</u></u>	<u><u>\$ 1,864,403</u></u>

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

Estes Park Local Marketing District
Required Supplementary Information
Schedules of Employer Contributions
As of Measurement Period Ended

Colorado PERA - Pension

<u>Period Ended</u>	<u>Actuarially Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2022	\$ 120,964	\$ 120,964	\$ -	\$ 899,600	13.4%
12/31/2021	101,491	101,491	-	768,869	13.2%
12/31/2020	90,804	90,804	-	703,507	12.9%
12/31/2019	96,448	96,448	-	760,628	12.7%
12/31/2018	46,900	46,900	-	369,874	12.7%
12/31/2017	44,235	44,235	-	348,856	12.7%
12/31/2016	52,353	52,353	-	412,879	12.7%
12/31/2015	44,669	44,669	-	352,279	12.7%
12/31/2014	41,948	41,948	-	330,820	12.7%
12/31/2013	45,048	45,048	-	355,268	12.7%

Colorado PERA - OPEB

<u>Period Ended</u>	<u>Actuarially Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2022	\$ 9,176	\$ 9,176	\$ -	\$ 899,600	1.02%
12/31/2021	7,842	7,842	-	768,869	1.02%
12/31/2020	7,176	7,176	-	703,507	1.02%
12/31/2019	7,758	7,758	-	760,628	1.02%
12/31/2018	3,773	3,773	-	369,874	1.02%
12/31/2017	3,558	3,558	-	348,856	1.02%
12/31/2016	4,221	4,221	-	412,879	1.02%

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

Estes Park Local Marketing District
Required Supplementary Information
Schedules of Proportionate Share of the Net Pension and OPEB Liabilities and Related Ratios

Colorado PERA - Pension

Period Ended*	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2022	0.10%	\$ (88,592)	\$ 899,600	-9.8%	101.49%
12/31/2021	0.10%	534,847	703,507	76.0%	90.9%
12/31/2020	0.11%	794,961	760,628	104.5%	86.3%
12/31/2019	0.06%	732,265	369,874	198.0%	76.0%
12/31/2018	0.13%	1,749,349	982,190	178.1%	76.0%
12/31/2017	0.16%	1,790,838	911,140	196.5%	79.4%
12/31/2016	0.18%	2,440,962	1,023,788	238.4%	73.6%
12/31/2015	0.21%	2,357,172	1,150,400	204.9%	76.9%
12/31/2014	0.23%	2,036,520	1,246,364	163.4%	80.7%

Colorado PERA - OPEB

Period Ended*	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Actual Covered Payroll	Net OPEB Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total OPEB Liability
12/31/2022	0.01%	\$ 69,266	\$ 899,600	7.7%	39.4%
12/31/2021	0.01%	74,535	703,507	10.6%	32.8%
12/31/2020	0.01%	93,593	760,628	12.3%	24.5%
12/31/2019	0.00%	61,453	369,874	16.6%	17.0%
12/31/2018	0.01%	146,812	982,190	14.9%	17.0%
12/31/2017	0.01%	162,418	911,140	17.8%	17.5%

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

* The data provided in this schedule is based as of the measurement date of the District's net pension liability, which is as of the beginning of the year.