# St. Vrain Sanitation District

## Financial Statements and Supplementary Information
For the Years Ended December 31, 2021 and 2020

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO
International Limited, a UK company limited by guarantee.

# St. Vrain Sanitation District

## Contents

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# Independent Auditor's Report

Board of Directors
St. Vrain Sanitation District
Firestone, Colorado

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the St. Vrain Sanitation District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefit related schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedules of Revenues and Expenses – Budget and Actual (Budgetary Basis) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules of Revenues and Expenses – Budget and Actual (Budgetary Basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

Greeley, Colorado
August 4, 2022

# St. Vrain Sanitation District
# Management's Discussion and Analysis

Management's Discussion and Analysis is intended to present an analysis of the District's financial performance and an overview of the District's financial activities for the year ended December 31, 2021. The financial statements are an essential part of this analysis and are included with this document.

## DISTRICT MISSION STATEMENT

St. Vrain Sanitation District's mission is to serve the present and the future sewage treatment needs of its customers in an efficient, cost effective, and environmentally responsible manner.

## FINANCIAL HIGHLIGHTS

After review of the District's financial statements the following highlights have been identified.

1. **The District's net financial position is $121,617,706.** This represents an increase of $9,373,216 (8.35%) over the District's 2020 net financial position. The increased net financial position is representative of a growing District with growth funded primarily through developer contributions.

2. **The District's 2021 operating revenues are $7,903,269.** Revenues of the District increased in 2021 by 9.87% or $709,876. Increased revenues were the result of strong growth in customer base through the sale of new service connections in combination with a planned $2 increase in monthly service fees as a result of the District's rate study that was completed in 2017.

3. **The District continues to work with FEMA and appropriate state agencies regarding disaster relief reimbursement**. This reimbursement was for disaster expense incurred in the 2013 flooding events. The District submitted the closeout package for the remaining reimbursement in February of 2021 and is awaiting FEMA review. The remaining amount eligible for reimbursement is $598,554.

4. **The District's operating expenses are $7,951,236.** Depreciation expense of $3,840,015 is included in the District's 2021 operating expenses.

5. **Capital contributions to the District for 2021 are $9,461,604.** Capital contributions to the District are derived from the sale of sanitary sewer connections and the contribution of sanitary sewer infrastructure installed by developers of residential and non-residential developments. With this continued growth, the District monitors the collection and treatment capacity of its infrastructure to ensure the ability to meet the future needs of the District customers.

6. **Treatment plant expansion and improvements.** In the fall of 2019 the District entered into a construction contract to expand the treatment capacity of its wastewater treatment plant as well as for treatment improvements to aid in meeting future nutrient limits. Total project timeline is anticipated to be 28 months at a cost of approximately $31.4 million. At the close of 2021 the District has expended $19,975,000 resulting in a balance of $11,387,000 remaining to be billed.

7. **Net pension liability of $848,469 and Net OPEB liability of $118,132.** Net pension and OPEB liabilities are being recognized in 2021 as a requirement for reporting of the District's proportionate share of the total pension liability of PERA in accordance with the Governmental Accounting Standards Board ("GASB") statement No 68, an amendment to GASB statement No. 27 on pension reporting and Statement No.75 on reporting of other post-employment benefits.

8. **Pandemic response.** The District applied for and was approved for funds to aid with the operational expenses related to the Covid19 pandemic. The District utilized these funds to aid in remote work opportunities and to provide personal protection equipment to staff. The District was reimbursed through the CVRF fund (Cares Act Funding) roughly $21,500 for qualified expenses during the pandemic response. While the emergency of the pandemic has lessened the District continues to monitor the changing guidelines and has equipment and plans in place in the event that it is determined that a greater response is needed in the future.

# St. Vrain Sanitation District
# Management's Discussion and Analysis

## OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts:
- Management's Discussion and Analysis
- Basic Financial Statements
- Supplementary Information

The basic financial statements include notes that explain in detail the information in the financial statements.

**Basic Financial Statements**

***Statement of Net Position***
The statement of net position includes all of the District's assets, liabilities and deferred inflows/outflows of resources with the difference being reported as net financial position. It provides information pertaining to the nature of the District's investments (assets) and obligations to creditors (liabilities). The statement also provides the basis for determining the overall financial health of the District including liquidity and financial flexibility.

Recent additions to the required supplementary information section is the net pension liability calculation to comply with GASB 68 requirements and the net OPEB liability calculation to comply with GASB 75 requirements. This information can be found in footnotes 8 and 9.

***The Statement of Revenues, Expenses and Changes in Net Position***
The statement of revenues, expenses and changes in net position reports District revenues and expenses. All changes in net position are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years (e.g. earned, but unused vacation leave.) This statement measures the success of the District's overall operation and can be used to determine if the District's user fee, rates, and charges are sufficient to recover operating expenses.

***Statement of Cash Flows***
The statement of cash flows presents information concerning the District's cash receipts and cash payments during the year. The statement reports the cash receipts, cash payments, and net cash from operations, investing, and capital and noncapital financing activities.

## FINANCIAL ANALYSIS OF THE ST. VRAIN SANITATION DISTRICT

The financial statements of the District begin on page 11. The true picture of the financial health of the District must be tempered with the operational theory and financial control that is practiced on a daily basis by the District.

## FINANCIAL POLICY PRIORITIES

The financial goal of the District is to operate in an efficient and financially responsible manner. The District annually reviews its financial policies to assess their impact on financial activities. Policies that affected financial activities are as follows:

1. Growth of the District is development driven and funded.
2. District continued with the construction phase for the latest treatment plant improvement project. Completion of the 28 month project is scheduled in early 2023.
3. District administration and operations are funded from user fees.
4. Capital improvements to existing District assets and the acquisition of some new assets are funded through plant investment fees collected at the time of sanitary sewer connection purchase.

Plant investment fee and monthly service fee levels are reviewed annually. The current level of these fees has been determined to be sufficient, at this time, to provide the necessary revenues to satisfy the operations and capital construction needs of the District as well as the rate covenants required to satisfy the District indebtedness. The District Rate Study completed 2017, determined the District's current planned rate structure and 2019 and 2021 increases in monthly service fees are sufficient to cover anticipated expenditures. The next District rate study is anticipated to be completed in 2023 after the completion of the current treatment plant improvement project. The District also charges line extension fees upon connection to various interceptor lines throughout the District. These fees are used to reimburse developers who funded the construction of specific lines, currently these fees generally range from $700 to $1450. The fees are increased in alternating even-numbered years. The next such increase will occur on January 1, 2022.

**Day-To-Day Operational Control of the District**

For operational control, the District has classified all operations into two District funds: Enterprise and General Government.

The General Government Fund was funded in 2021 by a .475 mill levy to fund the general operations of the District. For 2020, the mill levy was .484 for general operations. The mill levy is determined utilizing the state statute with a 5.5% revenue limit as well as the rules related to TABOR funding. The revenue from the mill levy increased slightly despite the reduction in mills from 421,362 in 2020 to $438,839 in 2021. The resulting increase in revenue was the result of growth to the District's taxable assessed value. The District operates as a self-supporting enterprise. The Enterprise Fund is funded by revenues received from user fees and other sources that are sufficient to cover the day-to-day operating expenses of the District. Growth of the collection system is funded by developer contributions that are sufficient to pay 100% of the cost of design and construction, the board may from time to time elect to participate in collection system expansion when it is determined beneficial. Generally due to oversizing of infrastructure to serve a larger portion of the District than is required by the developers project.

Any revenues contributed by the District are derived from Plant Investment Fees ("PIF") collected from new connections to the system. District participation in collection system expansion requires District investment to be reimbursed over time to the District through the collection of line extension fees reimbursing the District in a primary role prior to participating developers. The enterprise fund can be further segmented into general operations and construction.

The District general operations segment is funded primarily from monthly user service charges and other miscellaneous revenues received by the District. These revenues cover the daily administration, plant operations and collection line maintenance expense of the District. The construction segment of the District can be divided into two categories - capital improvements and growth. Capital improvements are funded from PIFs collected from users; growth is funded by the developers who are directly affected by the lines being funded.

The District's day-to-day operational control involves many levels of planning, forecasting and budgeting. Revenues and expenditures are allocated to specific District functions. District staff presents monthly financial reports and information to the board of directors for review and approval at their regular monthly meetings. The reports contain monthly revenues and expenditures compared to the adopted budget, as well as the financial position of the District reported in balance sheet form. These reports, and subsequent review, are an essential tool that is critical to the District's long-range financial control and planning efforts.

**Financial Analysis**

A summary of the statements of net position are shown as Table A. Increases or decreases in the District's net position are an indicator of improving or deteriorating financial health. This information, along with other non-financial information such as population growth or decline, legislative changes or board policy changes, provides an integrated assessment of the District's health.

**TABLE A**
**Condensed Statements of Net Position**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Current and other assets | $ 44,876,779 | $ 50,905,498 | $ 40,247,381 |
| Capital assets | 101268961 | 85,488,983 | 81,358,437 |
| Total assets | 146,145,740 | 136,394,481 | 121,605,818 |
| Deferred outflows of resources relating to pensions and refunding | 1,139,805 | 1,042,496 | 516,351 |
| Current liabilities | 3,235,363 | 2,318,185 | 1,524,295 |
| Non-current liabilities | 21,086,611 | 21,978,426 | 16,715,708 |
| Total liabilities | 24,321,974 | 24,296,611 | 18,240,003 |
| Deferred inflows of resources related to pensions | 980,395 | 530,406 | 47,927 |
| Unearned revenue - property taxes | 365,470 | 365,470 | 378,252 |
| Total deferred inflow of resources | 1,345,865 | 895,876 | 426,179 |
| Net position | | | |
| Net investment in capital assets | 84,135,745 | 69,536,224 | 66,535,587 |
| Debt Service and Bond Reserves | | 5,007,418 | |
| Restricted | 13,464 | 13,489 | 12,478 |
| Unrestricted | 37,468,497 | 37,687,359 | 36,907,922 |
| Total net position | $ 121,617,706 | $ 112,244,490 | $ 103,455,987 |

The information contained in the table indicates that the District maintains a positive financial position. It is important that on a year-to-year basis the District operates within its policies and that in the operations portion of the budget, these revenues exceed expenditures.

It is also important to note that in the capital construction portion of the budget, annual expenditures may in some instances exceed the annual revenues when reported on an annual basis. It is the policy of the District that growth funds construction, this may result in the possibility that some funds recorded as revenues and received from developers are received in one year and the related expenses are not incurred until subsequent years. This difference is accounted for in the overall long range financial planning of the District. Also, funds collected from sanitary sewer connection fees are invested in a capital construction account and may be used at various times to fund capital improvements, District-required line oversizing of trunk lines or any other shared costs authorized by the board of directors. A summary of the statements of revenues, expenses and changes in net position are shown in Table B.

**TABLE B**
**Condensed Statements of Revenues, Expenses and Changes in Net Position**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Wastewater treatment and collection service charges | $ 7,903,269 | $ 7,193,393 | $ 6,855,884 |
| Operating expenses | | | |
| General government expenses | 74,609 | 62,429 | 65,345 |
| Sewer treatment plant | 2,420,109 | 2,243,939 | 2,580,183 |
| Sewer collection | 649,064 | 593,512 | 787,122 |
| Depreciation | 3,840,015 | 3,801,533 | 3,715,706 |
| Administration | 967,439 | 1,140,971 | 606,101 |
| Total operating expenses | 7,951,236 | 7,842,384 | 7,754,457 |
| Loss from operations | (47,967) | (648,991) | (898,573) |
| Non-operating revenues (expenses) | | | |
| Taxes | 446,478 | 443,265 | 393,984 |
| Inclusion fees | 911 | 26 | 1,404 |
| Interest income | 100,433 | 253,216 | 572,500 |
| Build America bond subsidy | 112,761 | | 269,386 |
| Loss on Disposal of Capital Assets | | | (630,236) |
| FEMA Reimbursement | | 287,458 | |
| Unrealized and realized gain (loss) on investments | (211,478) | (227,338) | 488,366 |
| Interest expense | (489,526) | (418,445) | (816,759) |
| Total non-operating revenues (expenses) | (40,421) | 338,182 | 278,645 |
| Net income/loss before contributions | (88,388) | (310,809) | (619,928) |
| Capital contributions | 9,461,604 | 9,099,312 | 10,345,905 |
| Changes in net position | 9,373,216 | 8,788,503 | 9,725,977 |
| Net position - beginning of year | 112,244,490 | 103,455,987 | 93,730,010 |
| Net position- end of year | $ 121,617,706 | $ 112,244,490 | $ 103,455,987 |

## BUDGETARY HIGHLIGHTS

The schedule of revenues and expenditures - budget and actual (budgetary basis) is provided in the supplementary information of this report.

During 2021 the District saw operational revenues (exclusive of capital contributions) exceed budgeted revenues by 4.2% in the District Sanitary Sewer Enterprise Fund. The difference can be attributed to a continued increase in demand for sewer connections. Monthly service charges were 104% of the budgeted amount and actual plant investment fee and capital contributions exceeded budget over three times. The 2021 budget anticipated the addition of 450 single family equivalents (sfe), while actual sewer connection sales resulted in a total of 920 additional sfes for the year.

During 2021, total actual expenditures were less than the budgeted expenditures by $1,516,380 in the Enterprise Fund and $21,594 in the General Government Fund. Contributing to the large variance in Enterprise expenditures was the scheduling of capital project outlays that were deferred or delayed in 2021. District management and staff are mindful of the economic concerns of its constituency and thus are conscientious in its use of District funds, relating back to the District policy of cost effectiveness and efficiency.

## CAPITAL ASSETS AND DEBT ACTIVITIES

Several capital projects were in process during 2021 totaling approximately 21.2 million dollars. Capital projects for the District was dominated by the plant expansion construction project. This will continue through 2022 with project completion scheduled for early 2023. The expansion and improvement project is projected to be a multi-year (28 month) project with construction costs exceeding $31.5 million. There have been several area developers inquiring as to receiving service from the District. This has led the District to developing plans and initial engineering and design of sewer line extensions. Continued growth has also led the District to begin the design of parallel lines to existing infrastructure to ensure that the District can continue to meet the sanitary sewer needs of the area. Other expenditures included IT server upgrades, IT equipment to increase the District cyber security profile and office equipment.

The District in April of 2020 issued District Wastewater Revenue Refunding and Improvement Bonds totaling $17,205,000. These bonds allowed the District to refund the outstanding 2010 bonds ($14,795,000) as well as providing the District and additional $5,000,000 for plant expansion expenses. The refunding also provided some debt service relief over the next several years as it is working through the construction phase of the project. Total outstanding debt service at the end of 2021 was $16,990,000.

In 2015 the Board of Directors elected to retire the remaining $1,623,315 debt due to the Colorado Water Conservation Board ("CWCB") loan originally issued to the Weld County Tri-Area Sanitation District. The District will continue to collect the debt fee from affected customers on an interest-free basis resulting in a reduction of the number of years for the loan payback. This will result in savings to the customers of approximately $975,000 over the term of the loan.

## ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES

The Board of Directors and the management of the St. Vrain Sanitation District considered many factors when they developed the 2022 District Budget. Projected user fees, growth, and plant investment fees were all evaluated and considered before the final budget was adopted. Departmental budgets submitted by departments are reviewed and vetted by the budget team before inclusion in the final budget. These expenses are reconciled to projected revenues. The District will continue the construction project to increase plant capacity and treatment efficiency. It is anticipated that this will be a multi-year project that will provide treatment capacity for a twenty year window. The treatment plant improvement project will be a major factor in the budget process for the next couple of years. Additional the District evaluated the ongoing pandemic when developing the 2022 Budget. Factors included the waiving of late fees and the ability to maintain rates at an affordable level while continuing to maintain the operational efficiency of the District. An additional consideration while working through the 2022 budget was the pandemic cost increases due to supply chain issues and supply shortages of construction related products.

The District will enter 2022 with $41,351,973 in cash and investments maintaining similar balances as a result of fiscal year 2021 activities. This provides the District the resources to complete the improvements to the treatment infrastructure and maintain reserves to adequately address any upcoming needs. A District rate study was conducted as a part of the 2017 budget. The District anticipates contracting the next rate study as a part of the 2023 budget upon the completion of the improvement project. This is an important exercise as it helps to ensure the District rate structure is sufficient to maintain our vision that growth and development fund future expansion to infrastructure, while monthly service fees cover the costs of operation. The District's current capacity is sufficient to provide the necessary service to the current and near future customers. With the plant expansion design and subsequent construction the District is in a position to continue to serve the regions customers in an efficient and cost effective manner for the next 20 years.

## CONTACTING THE DISTRICT

This financial report is designed to provide our customers, investors, and creditors with the general overview of the District's finances and demonstrate the District's accountability to the customers of the District. If you have any questions concerning this report or need additional information please contact the District Manager of the St. Vrain Sanitation District, 11307 Business Park Circle, Firestone, Colorado 80504. Additional information about the District can be found by visiting our website www.stsan.com.

# Basic Financial Statements

# St. Vrain Sanitation District

## Statements of Net Position

| *December 31,* | **2021** | 2020 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | **$ 7,189,189** | $ 6,365,424 |
| Investments | **34,162,784** | 35,440,931 |
| Property taxes receivable | **365,470** | 365,470 |
| Receivables, net | **3,148,493** | 3,655,523 |
| Prepaid expenses | **10,843** | 70,732 |
| Total current assets | **44,876,779** | 45,898,080 |
| **Non-current assets** | | |
| **Restricted assets** | | |
| Investments | **-** | 5,007,418 |
| **Capital assets** | | |
| Land, other property rights, and construction in progress | **26,728,257** | 8,059,497 |
| Other capital assets, net of accumulated depreciation | **74,540,704** | 77,429,486 |
| Total capital assets, net | **101,268,961** | 85,488,983 |
| Total non-current assets | **101,268,961** | 90,496,401 |
| **Total assets** | **146,145,740** | 136,394,481 |
| **Deferred outflows of resources** | | |
| Unamortized deferred loss on refunding | **713,192** | 788,624 |
| Deferred outflows of resources relating to pensions | **412,551** | 240,043 |
| Deferred outflows of resources relating to OPEB | **14,062** | 13,829 |
| **Total deferred outflows of resources** | **1,139,805** | 1,042,496 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable | **2,430,323** | 1,522,693 |
| Accrued expenses | **107,130** | 113,832 |
| Participants payable | **547,910** | 541,660 |
| Current portion of notes and bonds payable | **150,000** | 140,000 |
| Total current liabilities | **3,235,363** | 2,318,185 |
| **Non-current liabilities** | | |
| Non-current portion of notes and bonds payable | **20,053,738** | 20,543,645 |
| Accrued compensated absences | **66,272** | 74,390 |
| Net pension liability | **848,469** | 1,217,134 |
| Net OPEB liability | **118,132** | 143,257 |
| Total non-current liabilities | **21,086,611** | 21,978,426 |
| **Total liabilities** | **24,321,974** | 24,296,611 |
| **Deferred inflows of resources** | | |
| Deferred revenue - property taxes | **365,470** | 365,470 |
| Deferred inflows of resources relating to pensions | **934,490** | 497,946 |
| Deferred inflows of resources relating to OPEB | **45,905** | 32,460 |
| **Total deferred inflows of resources** | **1,345,865** | 895,876 |
| **Net position** | | |
| Net investment in capital assets | **84,135,745** | 69,536,224 |
| Restricted: | | |
| Debt service and bond reserves | **-** | 5,007,418 |
| Emergency reserves | **13,464** | 13,489 |
| Unrestricted | **37,468,497** | 37,687,359 |
| **Total net position** | **$ 121,617,706** | $ 112,244,490 |

*See accompanying notes to the financial statements.*

# St. Vrain Sanitation District

## Statements of Revenues, Expenses and Changes in Net Position

| *For the Year Ended December 31,* | **2021** | 2020 |
|---|---|---|
| **Operating revenues** | | |
| Wastewater treatment and collection service charges | **$ 7,903,269** | $ 7,193,393 |
| Total operating revenues | **7,903,269** | 7,193,393 |
| **Operating expenses** | | |
| General government expenses | **74,609** | 62,429 |
| Sewer treatment plant | **2,420,109** | 2,243,939 |
| Sewer collection | **649,064** | 593,512 |
| Depreciation | **3,840,015** | 3,801,533 |
| Administration and information technology | **967,439** | 1,140,971 |
| Total operating expenses | **7,951,236** | 7,842,384 |
| **Loss from operations** | **(47,967)** | (648,991) |
| **Non-operating revenues (expenses)** | | |
| Property taxes | **444,917** | 422,282 |
| Specific ownership taxes | **1,561** | 20,983 |
| Inclusion fees | **911** | 26 |
| Interest income | **100,433** | 253,216 |
| Build America bond subsidy | **112,761** | - |
| FEMA reimbursement | **-** | 287,458 |
| Unrealized and realized loss on investments | **(211,478)** | (227,338) |
| Interest expense | **(489,526)** | (418,445) |
| Total non-operating revenues (expenses) | **(40,421)** | 338,182 |
| **Loss before contributions** | **(88,388)** | (310,809) |
| Capital contributions | **9,461,604** | 9,099,312 |
| **Change in net position** | **9,373,216** | 8,788,503 |
| **Net position at beginning of year** | **112,244,490** | 103,455,987 |
| **Net position at end of year** | **$ 121,617,706** | $ 112,244,490 |

*See accompanying notes to the financial statements.*

# St. Vrain Sanitation District

## Statements of Cash Flows

| *For the Year Ended December 31,* | 2021 | 2020 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash received from customers | **$ 7,874,720** | $ 7,227,370 |
| Cash paid to suppliers | **1,261,887** | (2,475,534) |
| Cash paid to employees | **(2,179,621)** | (2,055,874) |
| Net cash flows from operating activities | **6,956,986** | 2,695,962 |
| **Cash flows from non-capital and related financing activities** | | |
| Property taxes | **444,917** | 422,282 |
| Specific ownership taxes | **1,561** | 20,983 |
| Inclusion fees | **911** | 26 |
| FEMA reimbursement | **-** | 287,458 |
| Net cash flows from non-capital and related financing activities | **447,389** | 730,749 |
| **Cash flows from capital and related financing activities** | | |
| Contributed capital | **9,193,569** | 5,984,874 |
| Acquisition of capital assets | **(21,167,459)** | (3,238,293) |
| Proceeds from long-term debt, including a bond premium of $3,553,645 | **-** | 20,758,645 |
| Refunding amount paid to escrow | **-** | (15,583,624) |
| Build America bond subsidy | **112,761** | - |
| Principal paid | **(140,000)** | (75,000) |
| Interest paid | **(754,001)** | (446,295) |
| Net cash flows from capital and related financing activities | **(12,755,130)** | 7,400,307 |
| **Cash flows from investing activities** | | |
| Interest income received | **100,433** | 253,216 |
| Purchases of investments | **(10,915,889)** | (31,926,616) |
| Proceeds from sale of investments | **16,989,976** | 19,189,979 |
| Net cash flows from investing activities | **6,174,520** | (12,483,421) |
| **Net change in cash and cash equivalents** | **823,765** | (1,656,403) |
| **Cash and cash equivalents at beginning of year** | **6,365,424** | 8,021,827 |
| **Cash and cash equivalents at end of year** | **$ 7,189,189** | $ 6,365,424 |

*(Continued).*

# St. Vrain Sanitation District

## Statements of Cash Flows

| *For the Years Ended December 31,* | **2021** | 2020 |
|---|---|---|
| **Reconciliation of loss from operations to net cash flows from operating activities:** | | |
| Loss from operations | **$ (47,967)** | $ (648,991) |
| Adjustments to reconcile operating loss to net cash flows from operating activities: | | |
| Depreciation | **3,840,015** | 3,801,533 |
| Changes in assets and liabilities: | | |
| Receivables | **(28,549)** | 33,977 |
| Prepaid expenses | **59,889** | (1,952) |
| Accounts payable and accrued expenses | **3,250,140** | (347,000) |
| Pension liabilities and related items | **(104,629)** | (136,870) |
| OPEB liabilities and related items | **(11,913)** | (4,735) |
| **Net cash flows from operating activities** | **$ 6,956,986** | $ 2,695,962 |
| **Non-cash investing and financing transactions** | | |
| Contributed capital assets | **$ 809,864** | $ 3,628,630 |
| Capital assets acquired with accounts payable | **$ (2,357,330)** | $ 1,065,156 |
| Amortization of bond premium | **$ -** | $ 27,850 |
| Deferred loss from refunding | **$ -** | $ 788,624 |

*See accompanying notes to the financial statements.*

## 1. Summary of Significant Accounting Policies

### *Form of Organization*

The St. Vrain Sanitation District (the "District") is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes ("CRS"). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District's boundaries.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable GASB pronouncements.

### *Financial Reporting Entity*

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

1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or

2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

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

### *Basic Financial Statements*

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

### *Basis of Accounting*

The District's operations are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statements of net position. Total net position is segregated into net investment in capital assets, restricted for emergency reserves and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The District utilizes the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

### *Cash and Cash Equivalents*

The District considers all highly-liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

### *Investments*

Investments are measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, or at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

### *Operating Revenues and Receivables*

Operating revenues are those revenues that are generated directly from the primary activity of the District. These revenues are wastewater treatment and collection service charges. The District is responsible for billing and collection of these charges on a quarterly basis.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances are considered past due 30 days from the invoice date. Management provides an allowance for uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. As of December 31, 2021 and 2020, $11,551 is considered to be uncollectible.

### *Property Taxes*

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on the last day of February and June 15, or in full on April 30. The District uses the Weld County Treasurer to bill and collect its property taxes. Taxes levied in December 2021 are recorded as property taxes receivable and unearned revenue as of December 31, 2021.

### *Capital Assets*

Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. The cost of maintenance and repairs is charged to expense as incurred; significant renewals, betterments and improvements are capitalized.

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

| | Estimated |
|---|---|
| Sewage treatment plant | 20 - 50 years |
| Trunk and collection lines | 20 - 50 years |
| Laboratory and office equipment | 3 - 10 years |
| Building | 50 years |
| Vehicles | 5 years |

***Bond Issuance Costs, Premiums, and Bond Refunding***

Long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium. Debt issuance costs are recognized as an expense during the period of issuance.

For bond refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the effective interest method. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

***Accrued Compensated Absences***

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits and overtime, which will be paid to employees upon separation from the District. A liability of $66,272 and $74,390 for accrued benefits at December 31, 2021 and 2020, respectively, has been recorded on the statements of net position representing the District's commitment to fund such costs.

***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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of December 31, 2021.

***Other Post-Employment Benefits ("OPEB")***

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

### *Connection Fees*

Potential customers seeking to connect to the sewer treatment system must make a formal, written request to the District. If the application is approved, the applicant may purchase a tap by paying a plant investment fee ("PIF") of $5,860 per single-family equivalent unit ("SFE"), and a line extension fee is charged depending on location. During 2021 and 2020, the line extension fee ranged from $700 to $1,450. Plant investment fees are recorded as capital contributions from customers and subdividers.

### *Budget*

Colorado state law requires the adoption of an annual budget. Appropriations lapse at the end of each year. The budget and related appropriations are prepared on the budgetary basis, which differs from GAAP in that:

- Certain capital outlays are budgeted as expenditures;
- Depreciation is not budgeted;
- Contributed lines are not budgeted as non-operating revenue;
- Proceeds from debt issuance are budgeted as non-operating revenues; and
- Debt principal retired is budgeted as non-operating expenses.

Therefore, comparison of actual operations on the accrual basis to the annual budget is not meaningful. However, a statement comparing actual (budgetary basis) to the budget is included in the supplementary information. The adjustments necessary to convert the actual revenue and expenditures to the budgetary basis are presented in the following schedule.

| | **2021** | 2020 |
|---|---|---|
| **Change in net position** | **$ 9,373,216** | $ 8,788,503 |
| Add: | | |
| Depreciation | **3,840,015** | 3,801,533 |
| Less: | | |
| Capital outlay | **(21,167,459)** | (3,238,293) |
| Contributed capital assets | **(809,864)** | (3,628,630) |
| Proceeds from long-term debt | **-** | 17,205,000 |
| Premium on long-term debt | **-** | 3,553,645 |
| Refunding amount paid to escrow | **-** | (15,583,624) |
| Debt principal paid on long-term debt | **(140,000)** | (75,000) |
| Excess of budget basis revenues over budget basis expenditures | **$ (8,904,092)** | $ 10,823,134 |

The District's Board of Directors (the "Board") adopts total budget appropriations for each of its legal "funds". In October of each year the District presents a proposed budget to the Board for review and comment. A budget study session is held at the November meeting to discuss the budget requests. Public notice and a public hearing is held in December of each year when the budget is adopted per state statute by the Board. The Board may transfer budget amounts between departments within any fund; however, any revision that alters the total appropriation of any fund requires that a budget revision be adopted by resolution in the same manner described above for adoption of the original budget. The level of budgetary responsibility is by total "fund" appropriations.

| | Original Budget | Total Revisions | Revised Budget |
|---|---|---|---|
| Business type fund: | | | |
| General fund | $ 596,203 | $ - | $ 596,203 |
| Enterprise fund | 27,349,977 | - | 27,349,977 |
| Total | $ 27,946,180 | $ - | $ 27,946,180 |

### *Deferred Outflows/Inflows of Resources*

In addition to assets, the statements 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/expenditure) until then. The District reports deferred outflows of resources for pension and OPEB-related amounts, along with the deferred loss from refunding. See Notes 8 and 9 for additional information.

In addition to liabilities, the statements 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 reports deferred inflows of resources relating to property taxes, pension-related amounts, and OPEB-related amounts. See Notes 8 and 9 for additional information.

### *Participants Payable*

Participants are developers who provide funds to the District for construction of sewer infrastructure which is refundable through agreements by development that is later connected to the infrastructure. These agreements provide an affected service area as well as set a "line extension fee." As sewer connections are sold, they are tracked and money collected is deposited in District accounts. Per the agreement, the funds are disbursed to the participants. Occasionally the District participates in construction of lines and then is reimbursed in full prior to reimbursement to participants. Reimbursements are dependent upon growth in the affected areas and are not guaranteed, thus they are not considered a payable until the fee is collected.

### *Net Position*

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, if any, 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 is not restricted for any project or other purpose. A deficit will require future funding.

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

### *Use of Estimates*

Preparation of the District's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. Cash and Investments

### *Deposits*

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes ("CRS") require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits.

At December 31, 2021 and 2020, the District had deposits with a financial institution with a carrying amount of $7,183,836 and $6,360,071, respectively. The bank balances with the financial institution was $6,971,486 and $6,854,849, respectively. Of these amounts, $500,000 was covered by federal depository insurance. The remaining balances of $6,471,486 and $6,354,849, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

Cash and cash equivalents held by the District at December 31, 2021 and 2020, were as follows:

| | 2021 | 2020 |
|---|---|---|
| Cash financial institution | $ 7,183,836 | $ 6,360,071 |
| Cash with county treasurer | 5,153 | 5,153 |
| Cash on hand | 200 | 200 |
| **Total cash and cash equivalents** | $ 7,189,189 | $ 6,365,424 |

At December 31, 2021, the District had the following investments:

| Investment | S&P Rating | Value | Weighted Average Maturity Date (in years) | Concentration of Credit Risk |
|---|---|---|---|---|
| CSAFE | AAAm | $15,306,570 | N/A | 46.0% |
| FHLB | AA+ | 14,037,325 | 13.65 | 39.5% |
| FHLMC | AA+ | 2,993,565 | 0.96 | 9.0% |
| CDs | NR | 1,825,324 | 0.80 | 5.5% |
| **Total investments** | | $34,162,784 | | |

At December 31, 2020, the District had the following investments:

| Investment | S&P Rating | Value | Weighted Average Maturity Date (in years) | Concentration of Credit Risk |
|---|---|---|---|---|
| CSAFE | AAAm | $ 21,625,031 | N/A | 53.5% |
| FNMA | AA+ | 8,583,712 | 3.54 | 21.2% |
| FHLB | AA+ | 5,000,110 | 2.27 | 12.4% |
| FHLMC | AA+ | 4,485,368 | 1.94 | 11.1% |
| FFCB | AA+ | 754,128 | 0.63 | 1.8% |
| Total investments | | $ 40,448,349 | | |

***Investments***

The Board of Directors has adopted an investment policy which defines suitable and authorized investments, which include:

- U.S. Treasury with maturities not exceeding five years from the date of trade settlement.
- Federal Instrumentality Securities with maturities not exceeding five years from the date of trade settlement issued by the following only: Federal National Mortgage Association ("FNMA"), Federal Farm Credit Banks ("FFCB"), Federal Home Loan Banks ("FHLB"), and Federal Home Loan Mortgage Corporation ("FHLMC"). Federal instrumentality securities shall be rated in the highest rating category by at least two Nationally Recognized Statistical Rating Organizations ("NRSROs") that rate them, and shall be rated not less by any NRSRO that rates the debt.
- Repurchase Agreements with a termination date of 180 days or less collateralized by U.S. Treasury obligations or Federal Instrumentality securities above with a final maturity not exceeding ten years.
- Commercial Paper issued by domestic corporations with an original maturity of 270 days or less that is rated at least A-1, P-1 or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the commercial paper.
- Eligible Banker's Acceptances with maturities not exceeding 180 days, issued by FDIC insured state or national banks. Banker's Acceptances shall be rated at least A-1, P-1 or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the instrument.
- Corporate Debt with a maturity not exceeding three years from the date of trade settlement, issued by any corporation or bank organized and operating within the United States. The debt must be rated at least AA-, Aa3 or the equivalent by at least two NRSROs, and rated not less by any NRSRO that rates it.
- Non-negotiable Certificates of Deposit with a maturity not exceeding one year in any FDIC insured state or national bank located in Colorado that is an eligible public depository.
- Local government investment pools.
- Money Market Mutual Funds registered under the Investment Company Act of 1940 that: 1) are "no-load" (no commission or fee shall be charged on purchases or sales of shares); 2) have a constant net asset value of $1.00 per share; 3) limit assets of the fund to those authorized by state statute; 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 5) have a rating of AAA or the equivalent by one or more NRSROs.

District policy is to hold investments until maturity.

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2021, investment balances at fair value hierarchy are as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Descripiton** | | | | |
| **FHLB** | **$ -** | **$14,037,325** | **$ -** | **$14,037,325** |
| **FHLMC** | **-** | **2,993,565** | **-** | **2,993,565** |
| **CDs** | **1,825,324** | **-** | **-** | **1,825,324** |
| **Investments measured at amortized cost** | **-** | **-** | **-** | **15,306,570** |
| | **$ 1,825,324** | **$17,030,890** | **$ -** | **$34,162,784** |

At December 31, 2020, investment balances at fair value hierarchy are as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Descripiton | | | | |
| FNMA | $ - | $ 8,583,712 | $ - | $ 8,583,712 |
| FHLB | - | 5,000,110 | - | 5,000,110 |
| FHLMC | - | 4,485,368 | - | 4,485,368 |
| FFBC | - | 754,128 | - | 754,128 |
| Investments measured at amortized cost | - | - | - | 21,625,031 |
| | $ - | $ 18,823,318 | $ - | $ 40,448,349 |

### *Interest Rate Risk*

Colorado state statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment portfolio does not contain investments that exceed that limitation of five years.

### *Custodial Credit Risk - Investments*

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of December 31, 2021 and 2020, the District had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust (the "Trust"), discussed below.

### *Local Government Investment Pool*

At December 31, 2021 and 2020, the District had invested $15,306,570 and $21,625,031, respectively, in CSAFE, an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE is a highly liquid fund operating similarly to a money market-like fund and each share is equal in value to $1.00. CSAFE measures all of its investment at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

CSAFE invests primarily in United States Treasuries, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, AAAm rated money market funds, highly rated corporate bonds and Colorado Depositories. The weighted average maturity of the portfolio shall not exceed 60 days and the weighted average life of the portfolio shall not exceed 120 days. CSAFE is rated AAAm by Standard & Poor's and is measured at amortized cost.

## 3. Receivables

Receivables at December 31, 2021 and 2020, consist of the following:

| | 2021 | 2020 |
|---|---|---|
| Trade receivables | $ 465,319 | $ 436,802 |
| Accrued interest receivable | 4,815 | 4,815 |
| Other | 2,689,910 | 3,225,457 |
| Allowance for doubtful accounts | (11,551) | (11,551) |
| Total | $ 3,148,493 | $ 3,655,523 |

## 4. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2021:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|---|---|---|---|
| **Capital assets, not being depreciated:** | | | | |
| Land | $ 1,030,654 | $ - | $ - | $ 1,030,654 |
| Construction in progress | 7,028,843 | 18,668,760 | - | 25,697,603 |
| **Total capital assets, not being depreciated** | 8,059,497 | 18,668,760 | - | 26,728,257 |
| **Capital assets, being depreciated:** | | | | |
| Building | 1,090,154 | - | - | 1,090,154 |
| Trunk and collection lines | 60,137,175 | 809,864 | - | 60,947,039 |
| Sewage treatment plant | 49,699,991 | - | - | 49,699,991 |
| Laboratory and office equipment | 1,389,230 | 141,369 | - | 1,530,599 |
| Vehicles | 171,415 | - | - | 171,415 |
| **Total capital assets, being depreciated** | 112,487,965 | 951,233 | - | 113,439,198 |
| **Less accumulated depreciation for:** | | | | |
| Building | (359,397) | (21,803) | - | (381,200) |
| Trunk and collection lines | (15,243,286) | (1,231,282) | - | (16,474,568) |
| Sewage treatment plant | (18,126,758) | (2,484,998) | - | (20,611,756) |
| Laboratory and office equipment | (1,167,620) | (94,036) | - | (1,261,656) |
| Vehicles | (161,418) | (7,896) | - | (169,314) |
| **Total accumulated depreciation** | (35,058,479) | (3,840,015) | - | (38,898,494) |
| **Total capital assets, being depreciated, net** | 77,429,486 | (2,888,782) | - | 74,540,704 |
| **Total capital assets, net** | $85,488,983 | $ 15,779,978 | $ - | $101,268,961 |

The following is a summary of capital asset activity for the year ended December 31, 2020:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|---|---|---|---|
| **Capital assets, not being depreciated:** | | | | |
| Land | $ 1,030,654 | $ - | $ - | $ 1,030,654 |
| Construction in progress | 2,803,843 | 7,028,841 | (2,803,841) | 7,028,843 |
| Total capital assets, not being depreciated | 3,834,497 | 7,028,841 | (2,803,841) | 8,059,497 |
| **Capital assets, being depreciated:** | | | | |
| Building | 1,090,154 | - | - | 1,090,154 |
| Trunk and collection lines | 56,508,545 | 3,628,630 | - | 60,137,175 |
| Sewage treatment plant | 49,699,991 | - | - | 49,699,991 |
| Laboratory and office equipment | 1,310,781 | 78,449 | - | 1,389,230 |
| Vehicles | 171,415 | - | - | 171,415 |
| Total capital assets, being depreciated | 108,780,886 | 3,707,079 | - | 112,487,965 |
| **Less accumulated depreciation for:** | | | | |
| Building | (337,594) | (21,803) | - | (359,397) |
| Trunk and collection lines | (14,049,993) | (1,193,293) | - | (15,243,286) |
| Sewage treatment plant | (15,641,759) | (2,484,999) | - | (18,126,758) |
| Laboratory and office equipment | (1,079,431) | (88,189) | - | (1,167,620) |
| Vehicles | (148,169) | (13,249) | - | (161,418) |
| Total accumulated depreciation | (31,256,946) | (3,801,533) | - | (35,058,479) |
| **Total capital assets, being depreciated, net** | 77,523,940 | (94,454) | - | 77,429,486 |
| **Total capital assets, net** | $ 81,358,437 | $ 6,934,387 | $ (2,803,841) | $ 85,488,983 |

## 5. Notes and Bonds Payable

***Wastewater Revenue Bonds, Series 2010A and Series 2010B***

On October 7, 2010, the District issued bonds in two series, totaling $16,225,000, for the purpose of constructing the new treatment facility. Interest, with rates ranging from 2.0% to 5.75%, is payable semiannually through maturity in December 2035. The Series 2010A bonds are tax-free Wastewater Revenue Bonds, payable from future revenues generated by the District. The Series 2010B bonds are also Wastewater Revenue Bonds, payable from future revenues generated by the District; however, they were issued under the federally subsidized Build America Bonds (“BABs”) program, which are therefore federally taxable. The District’s interest costs were partially subsidized under the BABs program and recognized as non-operating revenues in 2019. As described below, these bonds were advance refunding during 2020.

***Wastewater Revenue Refunding and Improvement Bonds, Series 2020***

In April 2020, the District issued $17.2 million in Wastewater Revenue Refunding and Improvement Bonds, Series 2020, to refund the Series 2010B bonds and finance the construction and acquisition of wastewater treatment and other System improvements. The 2020 bonds are payable from 2020 to 2040 with interest rates ranging from 3-5%. The deferred loss on refunding of $788,624 is the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as a deferred outflow of resources, will be charged to operations through 2040 using the effective-interest method. These bonds are a special revenue obligation of the District, payable from wastewater rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounts to $68,817 at December 31, 2021 and 2020.

The District issued the bonds to advance refund $14.8 million of the outstanding series 2010B wastewater revenue bonds with rates ranging from 2.0% to 5.75%. The District used a portion of the net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2010A series bonds. As a result, that portion of the 2010B series bonds is considered defeased, and the District has removed the liability from its accounts. The outstanding principal of the defeased bonds is $14,259,870 and $14,375,000 at December 31, 2021 and 2020, respectively.

The advance refunding increased total debt service payments over the next 20 years by nearly $2.6 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of about $1.2 million.

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2021:

| | Beginning Balance | Additions | Debt Retired | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Wastewater Revenue Bonds,** | | | | | |
| **Series 2020** | **$17,130,000** | **$ -** | **$ (140,000)** | **$16,990,000** | **$ 150,000** |
| **Compensated absences** | **74,390** | **34,738** | **(42,856)** | **66,272** | **-** |
| **Total** | **17,204,390** | **$ 34,738** | **$ (182,856)** | **17,056,272** | **$ 150,000** |
| **Bond premium** | **3,553,645** | | | **3,213,738** | |
| **Current portion of long-term debt** | **(140,000)** | | | **(150,000)** | |
| **Net outstanding long-term debt** | **$20,618,035** | | | **$20,120,010** | |

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2020:

| | Beginning Balance | Additions | Debt Retired | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Wastewater Revenue Bonds, | | | | | |
| Series 2010B | $ 14,795,000 | $ - | $ (14,795,000) | $ - | $ - |
| Series 2020 | - | 17,205,000 | (75,000) | 17,130,000 | 140,000 |
| Compensated absences | 65,904 | 73,394 | (64,908) | 74,390 | - |
| Total | 14,860,904 | $ 17,278,394 | $ (14,934,908) | 17,204,390 | $ 140,000 |
| Bond premium | 27,950 | | | 3,553,645 | |
| Current portion of long-term debt | (420,000) | | | (140,000) | |
| Net outstanding long-term debt | $ 14,468,854 | | | $ 20,618,035 | |

The annual requirements to amortize all debt outstanding as of December 31, 2021 are as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 150,000 | $ 746,600 | $ 896,600 |
| 2023 | 740,000 | 739,100 | 1,479,100 |
| 2024 | 840,000 | 702,100 | 1,542,100 |
| 2025 | 895,000 | 660,100 | 1,555,100 |
| 2026 | 960,000 | 615,350 | 1,575,350 |
| 2027-2031 | 5,870,000 | 2,287,750 | 8,157,750 |
| 2032-2036 | 6,385,000 | 840,650 | 7,225,650 |
| 2037-2040 | 1,150,000 | 87,450 | 1,237,450 |
| **Total** | $ 16,990,000 | $ 6,679,100 | $ 23,669,100 |

## 6. Rate Maintenance

The District's 2020 Wastewater Revenue Refunding and Improvement Bonds, require the District to establish, maintain, enforce and collect rates, fees, plant investment fees, availability fees, tolls and charges for services furnished by or the use of the System to create Gross Revenue each Fiscal Year sufficient to pay Operation and Maintenance Expenses and to create Net Revenue in an amount equal to not less than 125% of the amount necessary to pay when due the principal of and interest on the Bonds and any Parity Obligations coming due during such Fiscal Year.

As shown below, the District is in compliance with this requirement of the 2020 Wastewater Revenue Refunding Bonds for the year ended December 31, 2021:

| | |
|---|---|
| Operating revenues | $ 7,899,679 |
| Non-operating revenues | 660,583 |
| System connections fees (limited to 15% of revenue) | 8,807,962 |
| Total revenues as defined in bond agreement | 17,368,224 |
| Operation and maintenance expense (excluding depreciation expense) | (4,052,880) |
| **Net revenue as defined in loan resolution** | $ 13,315,344 |
| 2021 principal due | $ 140,000 |
| 2021 interest due | 753,600 |
| Subtotal | 893,600 |
| | x 125% |
| **Required revenue as defined in loan resolution** | $ 1,117,000 |

## 7. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions, or natural disasters. The District maintains commercial insurance coverage to mitigate these risks of loss. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

## 8. Public Employees Retirement Association of Colorado Pension

***Plan description***

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

***Benefits provided as of December 31, 2020***

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 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent 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 percent 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 percent or 100 percent 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.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(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, 2021***

Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

| | January 1, 2020 Through June 30, 2020 | July 1, 2020 Through December 31, 2020 |
|---|---|---|
| Employee contribution | 8.00% | 8.50% |

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

| | January 1, 2020 Through December 31, 2020 | July 1, 2020 Through December 31, 2020 |
|---|---|---|
| Employer contribution rate | 10.00% | 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)% | (1.02)% |
| Amount apportioned to the LGDTF | 8.98% | 9.48% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 | 2.20% | 2.20% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 | 1.50% | 1.50% |
| **Total employer contribution rate to the LGDTF** | **12.68%** | **13.18%** |

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were $166,486 and $154,080 for the year ended December 31, 2021 and 2020, respectively.

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

At December 31, 2021 and 2020, the District reported a liability of $848,469 and $1,217,134, respectively for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the District's proportion was 0.16281 percent, which was a decrease of 0.004 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021 and 2020, the District recognized pension expense of $61,857 and $17,210, respectively. At December 31, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 41,023 | $ - |
| Changes of assumptions or other inputs | 205,042 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 917,573 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | - | 16,917 |
| District contributions subsequent to the measurement date | 166,486 | - |
| Totals | $ 412,551 | $ 934,490 |

The $166,486 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Amortization |
|---|---|
| 2022 | (116,569) |
| 2023 | (116,003) |
| 2024 | (311,040) |
| 2025 | (144,813) |
| | $ (688,425) |

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 79,647 | $ - |
| Net difference between projected and actual earnings on pension plan investments | - | 497,946 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 6,316 | - |
| District contributions subsequent to the measurement date | 154,080 | - |
| Totals | $ 240,043 | $ 497,946 |

***Actuarial assumptions***

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | 3.50 – 10.45 percent |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 7.25 percent |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic) | 1.25 percent compounded annually |
| PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve |

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

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

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

***Discount rate***

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020, 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.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

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

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 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 District's proportionate share of the net pension liability to changes in the discount rate***

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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 (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 1,954,536 | $ 848,469 | $ (74,952) |

### *Pension plan fiduciary net position*

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

## 9. Other Post-Employment Benefits

### *Plan Description*

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

### *Benefits Provided*

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

### *PERA Benefit Structure*

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

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

***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 $12,865 and $12,165 for the years ended December 31, 2021 and 2020, respectively.

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

At December 31, 2021 and 2020, the District reported a liability of $118,132 and $143,257, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District’s proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the District’s proportion was 0.01243 percent, which was a decrease of 0.0003 from its proportion measured as of December 31, 2019.

For the years ended December 31, 2021 and 2020 the District recognized OPEB expense of $952 and $7,430, respectively. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| **Differences between expected and actual experience** | **$ 314** | **$ 25,971** |
| **Changes of assumptions or other inputs** | **883** | **7,244** |
| **Net difference between projected and actual earnings on OPEB plan investments** | **-** | **4,827** |
| **Changes in proportion and differences between contributions recognized and proportionate share of contributions** | **-** | **7,863** |
| **District contributions subsequent to the measurement date** | **12,865** | **-** |
| **Totals** | **$ 14,062** | **$ 45,905** |

The $12,865 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended December 31, | Amortization |
|---|---|
| 2022 | $ (10,867) |
| 2023 | (10,192) |
| 2024 | (10,578) |
| 2025 | (9,024) |
| 2026 | (3,799) |
| Thereafter | (248) |
| Totals | $ (44,708) |

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 475 | $ 24,072 |
| Changes of assumptions or other inputs | 1,189 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 2,391 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | - | 5,997 |
| District contributions subsequent to the measurement date | 12,165 | - |
| Totals | $ 13,829 | $ 32,460 |

*Actuarial Assumptions*

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Price inflation | 2.40 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation | 3.50 percent in aggregate |
| 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 | 0.00 percent |
| PERACare Medicare plans | 8.10 percent in 2020, gradually decreasing to 4.50 percent in 2029 |
| Medicare Part A premiums | 3.50 percent for 2020, gradually rising to 4.50 percent in 2029 |
| DPS benefit structure: | |
| Service-based premium subsidy | 0.00 percent |
| PERACare Medicare plans | N/A |
| Medicare Part A premiums | N/A |

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

The actuarial assumptions used in the December 31, 2019, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

| Medicare Plan | Cost for Members Without Medicare Part A | Premiums for Members Without Medicare Part A |
|---|---|---|
| Medicare Advantage/Self-Insured Prescription | $588 | $227 |
| Kaiser Permanente Medicare Advantage HMO | $621 | $232 |

The 2020 Medicare Part A premium is $458 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

| Medicare Plan | Cost for Members Without Medicare Part A |
|---|---|
| Medicare Advantage/Self-Insured Prescription | $550 |
| Kaiser Permanente Medicare Advantage HMO | $586 |

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

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

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

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|---|---|---|
| | | |
| 2020 | 8.10% | 3.50% |
| 2021 | 6.40% | 3.75% |
| 2022 | 6.00% | 3.75% |
| 2023 | 5.70% | 3.75% |
| 2024 | 5.50% | 3.75% |
| 2025 | 5.30% | 4.00% |
| 2026 | 5.10% | 4.00% |
| 2027 | 4.90% | 4.25% |
| 2028 | 4.70% | 4.25% |
| 2029+ | 4.50% | 4.50% |

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2019 plan year.

- The morbidity assumptions were updated to reflect the assumed standard and aging factors.

- 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.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

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

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

***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 | 7.10% | 8.10% | 9.10% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 2.50% | 3.50% | 4.50% |
| Ultimate Medicare part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | $ 135,322 | $ 118,132 | $ 103,444 |

***Discount rate***

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, 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 3.50%.

- 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.

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

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 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.

***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%) |
|---|---|---|---|
| District's proportionate share of the net OPEB liability | $ 135,322 | $ 118,132 | $ 103,444 |

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

## 10. Voluntary Investment Program

***Plan Description***

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

***Funding Policy***

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the District has agreed to match employee contributions up to 6 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2021 and 2020 program members contributed $108,136 and $91,740 respectively, to the Voluntary Investment Program.

## 11. Board Designated Net Position

Board designated net position, which is intended to be used for specific purposes but is not legally restricted, is a component of unrestricted net position. At December 31, 2021 and 2020, the Board designated $2,864,680 and $3,369,701, respectively, to provide funding for a reserve for infrastructure replacements, an emergency reserve, and a debt reserve.

## 12. Commitments and Contingencies

***Federal, State and Local Provisions***

Substantially all of the District's facilities are subject to federal, state, and local provisions regulating the discharge of materials into the environment. Compliance with these provisions has not had, nor does the District expect such compliance to have, any material effect upon the capital expenditures, net income and financial condition of the District. Management believes that its current practices and procedures for the control and disposition of such waste comply with applicable federal and state requirement.

***Line Extension Agreements***

Pursuant to certain line extension agreements, the District is committed to reimburse various parties for line extension fees as customers connect to the applicable lines. However, the District is not required to reimburse funds until the fees are received from new customers or developers. Generally, the fees shall first be applied to the District's contribution until totally reimbursed, and only thereafter to the various parties. Some agreements call for the line extension fees received to be divided between the developer and the District on a pro-rata basis. The agreements generally are for 15 years after which time any further fees received remain with the District.

As of December 31, 2020, the maximum reimbursements are as follows:

| | District | Participants |
|---|---|---|
| Idaho Creek Line Extension | $ - | $ 1,141,456 |
| WCR 20/11 Line Extension | - | 102,677 |
| Dacono/ 52 Crossing | - | 206,552 |
| Liberty Gulch Line Extension | - | 2,894,858 |
| Aurora Dairy Line Extension | - | 279,000 |
| Carlson Line Extension | 216,979 | 219,227 |
| Northline Extension | 1,149,561 | 1,183,417 |
| Graydon Line Extension | 48,330 | 598,883 |
| Knudson | - | 41,684 |
| North 66 | - | 141,000 |
| Liberty Gulch Phase III Line Extension | - | 877,111 |
| WCR 26E Line Extension | - | 254,013 |
| Wyndham Hill | - | 268,633 |
| TA Interceptor | 7,692,573 | - |
| I25 Crossing | 101,940 | 525,951 |
| | - | - |
| Totals | $ 9,209,382 | $ 8,734,461 |

***Commitments***

The District has contracted with Archer Western Construction LLC to complete the pre-construction and construction of the wastewater treatment plant improvements project. The remaining contractual commitment is approximately $12,465,050.

## 13. TABOR Compliance

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

The District passed a resolution, “Continuing and Clarifying the Establishment of a Sanitation Activity Enterprise.” This resolution was passed after much research by legal counsel regarding the status of the District following the passage of the amendment. Because the District qualifies as an enterprise as defined by paragraph 2(d), Section 20, Article X of the Colorado Constitution, it was determined that the District’s Sanitation Enterprise Fund is therefore exempt from the requirements and limitations of Section 20, Article X of the Colorado Constitution.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the amendment, exclude economic conditions, revenue shortfalls, or salary and fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted $13,464 and $13,489 for emergencies as defined by TABOR as of December 31, 2021 and 2020, respectively.

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

## 14. Subsequent Events

The District evaluated subsequent events through August 4, 2022 the date these financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosure.

# Required Supplementary Information

# St. Vrain Sanitation District

## Schedule of the District's Proportionate Share of the Net Pension Liability

### Last Ten Years

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| District's proportion of the net pension liability | 0.16281% | 0.16641% | 0.16489% |
| District's proportionate share of the net pension liability | $ 845,832 | $ 1,217,134 | $ 2,072,981 |
| District's covered payroll | $ 1,149,645 | $ 1,144,966 | $ 1,079,393 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 73.57% | 106.30% | 192.05% |
| Plan fiduciary net position as a percentage of the total pension | 90.88% | 75.96% | 75.96% |

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

Pension schedules are intended to show information for ten years, additional years' information will be displayed it becomes available.

| 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| 0.17004% | 0.17548% | 0.16113% | 0.17230% | 0.16490% |
| $ 1,893,235 | $ 2,369,554 | $ 1,775,028 | $ 1,544,379 | $ 1,237,242 |
| $ 1,075,050 | $ 1,021,310 | $ 969,014 | $ 944,151 | $ 879,732 |
| 176.11% | 232.01% | 183.18% | 163.57% | 140.64% |
| 79.37% | 73.60% | 76.90% | 80.70% | 77.66% |

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*See accompanying Independent Auditor's Report*

# St. Vrain Sanitation District
## Schedule of District Contributions - Pension
### Last Ten Years

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Statutorily Required Contribution | $ 166,486 | $ 154,080 | $ 145,182 | $ 136,867 |
| Contributions in Relation to the Statutorily Required Contribution | 166,486 | 154,080 | 145,182 | 136,867 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - |
| Covered Payroll | $ 1,261,252 | $ 1,192,693 | $ 1,144,966 | $ 1,079,393 |
| Contributions as a Percentage of Covered Payroll | 13.20% | 12.92% | 12.68% | 12.68% |

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

| 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|
| $ 136,316 | $ 129,502 | $ 122,871 | $ 119,718 | $ 111,550 |
| 136,316 | 129,502 | 122,871 | 119,718 | 111,550 |
| $ - | $ - | $ - | $ - | $ - |
| $ 1,075,050 | $ 1,021,310 | $ 969,014 | $ 944,151 | $ 879,732 |
| 12.68% | 12.68% | 12.68% | 12.68% | 12.68% |

*See accompanying Independent Auditor's Report*

# St. Vrain Sanitation District
## Schedule of the District's Proportionate Share of the Net OPEB Liability
### Last Ten Years

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| District's proportion of the net OPEB liability | 0.01243% | 0.01275% | 0.01279% | 0.01321% | 0.01347% |
| District's proportionate share of the net OPEB liabilit | $ 118,169 | $ 143,257 | $ 173,973 | $ 171,711 | $ 163,681 |
| District's covered payroll | $ 1,149,645 | $ 1,144,966 | $ 1,079,393 | $ 1,075,050 | $ 1,021,310 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 10.28% | 12.51% | 16.12% | 15.97% | 16.03% |
| Plan fiduciary net position as a percentage of the | 32.78% | 24.49% | 17.03% | 17.53% | 16.72% |

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

OPEB schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

*See accompanying Independent Auditor's Report*

# St. Vrain Sanitation District
## Schedule of District Contributions - OPEB
### Last Ten Years

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| Statutorily Required Contribution | $ 12,865 | $ 12,165 | $ 11,679 | $ 11,010 | $ 10,966 | $ 10,849 |
| Contributions in Relation to the Statutorily Required Contribution | 12,865 | 12,165 | 11,679 | 11,010 | 10,966 | 10,849 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered Payroll | $ 1,261,252 | $ 1,192,693 | $ 1,144,966 | $ 1,079,393 | $ 1,075,050 | $ 1,021,310 |
| Contributions as a Percentage of Covered Payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.06% |

OPEB schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

*See accompanying Independent Auditor's Report*

# Other Supplementary Information

# St. Vrain Sanitation District
## Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
## Sanitation Enterprise Fund
## For the Year Ended December 31, 2021
## With Comparative Actual Amounts for the Year Ended December 31, 2020

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) | 2020 Actual |
| | Original | Final | | | |
| **Revenues** | | | | | |
| Monthly sewer charges | $ 6,373,687 | $ 6,373,687 | $ 6,659,360 | $ 285,673 | $ 5,898,434 |
| Drainage debt service fees | 167,252 | 167,252 | 174,907 | 7,655 | 166,477 |
| Excess surcharges | 180,000 | 180,000 | 292,132 | 112,132 | 314,633 |
| Fines collected | 1,000 | 1,000 | 1,000 | - | 2,000 |
| Capital contributions | 2,637,000 | 2,637,000 | 8,651,740 | 6,014,740 | 5,470,682 |
| Inspection fees | 39,800 | 39,800 | 67,975 | 28,175 | 67,510 |
| Inclusion development fees | 6,000 | 6,000 | 3,600 | (2,400) | 4,800 |
| Late fees and delinquent charges | 90,000 | 90,000 | 78,275 | (11,725) | 89,749 |
| Miscellaneous charges and fees | 28,530 | 28,530 | 588,660 | 560,130 | 617,930 |
| Transfer fees | 21,000 | 21,000 | 37,360 | 16,360 | 31,860 |
| Nonoperating revenues: | | | | | |
| General fund | 500,000 | 500,000 | - | (500,000) | - |
| Interest | 144,800 | 144,800 | 99,025 | (45,775) | 246,868 |
| FEMA reimbursement | 500,000 | 500,000 | - | (500,000) | 287,458 |
| Build America bond subsidy | - | - | 112,761 | 112,761 | - |
| Loss on disposal of capital assets | - | - | - | - | - |
| Unrealized loss on investments | - | - | (211,478) | (211,478) | (227,338) |
| Total revenues | 10,689,069 | 10,689,069 | 16,555,317 | 5,866,248 | 12,971,063 |
| **Expenditures** | | | | | |
| **Sewer collection:** | | | | | |
| Payroll and benefits | 349,913 | 349,913 | 398,289 | (48,376) | 322,988 |
| Education and training | 2,000 | 2,000 | 95 | 1,905 | 1,739 |
| Legal | 3,000 | 3,000 | 2,868 | 132 | 3,400 |
| Collection lines | 218,300 | 218,300 | 153,395 | 64,905 | 186,556 |
| Inspection | 79,500 | 79,500 | 56,802 | 22,698 | 44,300 |
| Other | 58,730 | 58,730 | 24,940 | 33,790 | 29,088 |
| Sampling | - | - | - | - | - |
| Consultant and consulting engineer | 8,000 | 8,000 | - | 8,000 | 4,969 |
| GIS service | 300 | 300 | - | 300 | - |
| Locate service | 22,000 | 22,000 | - | 22,000 | - |
| Dues and subscriptions | 180 | 180 | 486 | (306) | 472 |
| Total sewage collection | 741,923 | 741,923 | 636,875 | 105,048 | 593,512 |

*Continued.*

# St. Vrain Sanitation District
## Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
## Sanitation Enterprise Fund
## For the Year Ended December 31, 2021
## With Comparative Actual Amounts for the Year Ended December 31, 2020

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) | 2020 Actual |
| | Original | Final | | | |
| **Sewage treatment:** | | | | | |
| Payroll and benefits | 691,615 | 691,615 | 675,707 | 15,908 | 627,190 |
| Auto and truck expense | 26,420 | 26,420 | 23,903 | 2,517 | 18,441 |
| Contract services | 99,950 | 99,950 | 44,489 | 55,461 | 45,835 |
| Testing and discharge monitoring | 33,600 | 33,600 | 25,113 | 8,487 | 25,575 |
| Equipment maintenance and repair | 357,100 | 357,100 | 246,901 | 110,199 | 293,597 |
| Equipment Rental | 500 | 500 | - | 500 | 73,000 |
| Laboratory supplies and equipment | 38,550 | 38,550 | 14,548 | 24,002 | 19,765 |
| Lift station: | 26,520 | 26,520 | 7,851 | 18,669 | 9,302 |
| Plant: | 602,665 | 602,665 | 713,652 | (110,987) | 472,620 |
| Utilities: | 635,150 | 635,150 | 580,366 | 54,784 | 559,311 |
| Pretreatment | 121,275 | 121,275 | 94,473 | 26,802 | 89,324 |
| Telephone | 13,600 | 13,600 | 5,295 | 8,305 | 9,979 |
| Total sewage treatment | 2,646,945 | 2,646,945 | 2,432,298 | 214,647 | 2,243,939 |
| **Capital outlay:** | | | | | |
| Capital construction costs | 21,685,000 | 21,685,000 | 21,167,459 | 517,541 | 3,238,293 |
| Total capital outlay | 21,685,000 | 21,685,000 | 21,167,459 | 517,541 | 3,238,293 |

*Continued.*

# St. Vrain Sanitation District
## Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
## Sanitation Enterprise Fund
## For the Year Ended December 31, 2021
## With Comparative Actual Amounts for the Year Ended December 31, 2020

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts Budget | Variance with Final Budget Positive | 2020 |
| | Original | Final | Basis | (Negative) | Actual |
| **Administration and information technology:** | | | | | |
| Building maintenance and cleaning | 43,900 | 43,900 | 60,452 | (16,552) | 47,792 |
| Building utilities | 15,000 | 15,000 | 13,398 | 1,602 | 13,829 |
| Building security and trash | 2,850 | 2,850 | 2,760 | 90 | 2,827 |
| Office supplies | 9,200 | 9,200 | 6,165 | 3,035 | 6,357 |
| Information technology | 216,000 | 216,000 | 219,457 | (3,457) | 236,716 |
| Equipment maintenance and repairs | 4,200 | 4,200 | 2,029 | 2,171 | 3,270 |
| Postage | 8,400 | 8,400 | 7,564 | 836 | 7,297 |
| Telephone | 20,430 | 20,430 | 27,824 | (7,394) | 24,293 |
| Insurance | 122,913 | 122,913 | 120,554 | 2,359 | 115,840 |
| Training | 21,000 | 21,000 | 7,400 | 13,600 | 9,332 |
| Mileage and meals | 9,300 | 9,300 | 1,802 | 7,498 | 4,560 |
| Legal fees | 15,000 | 15,000 | 8,024 | 6,976 | 10,535 |
| Bank fees | 78,000 | 78,000 | 37,517 | 40,483 | 67,385 |
| Advertising and public notices | 500 | 500 | - | 500 | - |
| Licenses and fees | 2,400 | 2,400 | 2,190 | 210 | 2,045 |
| Miscellaneous | 3,500 | 3,500 | 7,579 | (4,079) | 177,625 |
| Payroll | 588,216 | 588,216 | 401,395 | 186,821 | 370,714 |
| Consultant and contracted | 32,000 | 32,000 | 30,528 | 1,472 | 26,920 |
| Employee Benefits/NonCapital Equipment | 8,600 | 8,600 | - | 8,600 | - |
| Dues and subscriptions | 14,400 | 14,400 | 10,801 | 3,599 | 13,634 |
| Total administration and information technology | 1,215,809 | 1,215,809 | 967,439 | 248,370 | 1,140,971 |
| **Debt service:** | | | | | |
| Bond service fee | 500 | 500 | 400 | 100 | 300 |
| Due to General fund | 166,200 | 166,200 | - | 166,200 | - |
| Proceeds from long-term debt | - | - | - | - | (17,205,000) |
| Premium on long-term debt | - | - | - | - | (3,553,645) |
| Refunding amount paid to escrow | - | - | - | - | 15,583,624 |
| Debt principal paid on long-term debt | 140,000 | 140,000 | 140,000 | - | 75,000 |
| Interest payments on 2010 AB Series | 753,600 | 753,600 | 489,126 | 264,474 | 418,145 |
| Total debt service | 1,060,300 | 1,060,300 | 629,526 | 430,774 | (4,681,576) |
| Contingencies | | | - | - | - |
| **Total expenditures** | 27,349,977 | 27,349,977 | 25,833,597 | 1,516,380 | 2,535,139 |
| **Excess of enterprise fund revenues over enterprise fund expenditures** | $ (16,660,908) | $ (16,660,908) | $ (9,278,280) | $ 7,382,628 | $ 10,435,924 |

*See accompanying Independent Auditor's Report*

# St. Vrain Sanitation District

## Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

## General Government Fund

## For the Year Ended December 31, 2021

## With Comparative Actual Amounts for Year Ended December 31, 2020

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts Budget Basis | Variance with Final Budget Positive (Negative) | 2020 Actual |
| | Original | Final | | | |
| **Revenues:** | | | | | |
| General property taxes | $ 409,259 | $ 409,259 | $ 438,839 | $ 29,580 | $ 421,362 |
| Refund and abatements | - | - | 6,078 | 6,078 | 920 |
| Specific ownership taxes | 20,460 | 20,460 | 1,561 | (18,899) | 20,983 |
| Earnings on investments | 2,124 | 2,124 | 1,408 | (716) | 6,348 |
| Transfer from Enterprise fund | 166,200 | 166,200 | - | (166,200) | - |
| Inclusion fees | 4,000 | 4,000 | 911 | (3,089) | 26 |
| **Total revenues** | 602,043 | 602,043 | 448,797 | (153,246) | 449,639 |
| **Expenditures:** | | | | | |
| Treasurer's fees | 7,200 | 7,200 | 6,199 | 1,001 | 6,083 |
| Abatements | 600 | 600 | 1,130 | (530) | 448 |
| Advancement of WW Industry | 5,000 | 5,000 | - | 5,000 | - |
| Advertising/public notices | 1,200 | 1,200 | - | 1,200 | - |
| Board meetings | 2,400 | 2,400 | 1,832 | 568 | 2,700 |
| Community Outreach | 12,000 | 12,000 | - | 12,000 | - |
| Director fees | 8,000 | 8,000 | 6,100 | 1,900 | 6,400 |
| Miscellaneous | 3,303 | 3,303 | 15,426 | (12,123) | 5,137 |
| Audit | 18,500 | 18,500 | 20,000 | (1,500) | 17,081 |
| Legal fees | 30,000 | 30,000 | 23,057 | 6,943 | 23,651 |
| Conferences | 3,000 | 3,000 | 865 | 2,135 | 100 |
| Elections | - | - | - | - | 829 |
| TIF Expense | 5,000 | 5,000 | - | 5,000 | - |
| Transfer to Enterprise fund | 500,000 | 500,000 | - | 500,000 | - |
| **Total expenditures** | 596,203 | 596,203 | 74,609 | 521,594 | 62,429 |
| **Excess of general government fund revenues over general government fund expenditures** | $ 5,840 | $ 5,840 | $ 374,188 | $ 368,348 | $ 387,210 |

*See accompanying Independent Auditor's Report*