Monument Sanitation District

Financial Statements and Supplementary Information

Years Ended December 31, 2020 and 2019

MONUMENT SANITATION DISTRICT

WIPFLI

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Independent Auditor's Report

Board of Directors
Monument Sanitation District

Report on the Financial Statements
We have audited the accompanying financial statements of Monument Sanitation District (the "District") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2020 and 2019, and the change in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States (GAAP) requires that the management discussion and analysis on pages 3-7, budgetary comparison information on pages 42-43, schedule of the District's proportionate share of the net pension liability on page 44, schedule of the District's required contributions to the local government division pension fund on page 45, schedule of the District's proportionate share of the net OPEB liability on page 46, and schedule of the District's required contributions to the health care trust fund on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAP, 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 audits 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.

Wipfli LLP

Wipfli LLP

July 21, 2021
Denver, CO

Monument Sanitation District
Management Discussion and Analysis

Monument Sanitation District's (the "District") management discussion and analysis (MD&A) is generally intended to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activities, (3) identify changes in the District's financial position (its ability to meet future financial demands and conditions), (4) identify any material deviations from the governmental unit's financial plan (approved budget), and (5) identify individual fund issues or concerns.

The MD&A is provided at the beginning of the report to provide an overview of the District's financial position at December 31, 2020, and the results of operations for the year. This summary should not be taken as a replacement for the audit report, which consists of the basic financial statements, notes to the financial statements, and required supplementary information.

Overview of the Sources and Uses of Revenue

The District collects user fees from residential and commercial customers. This revenue is used to fund the overhead and operations of the District. Tap fees are assessed to new customers and used for capital improvements to the District collection system and plant expansion. Interest income generated from these funds available for capital improvements is used to fund the District's overhead and operations. When property taxes are collected, they are used to pay the legal judgment associated with the Tri-Lakes Wastewater Treatment Facility (the "TLWWTF"). Also, the District charges rent to tenants for office space and uses these funds to maintain the building and to fund the District's overhead and operations.

Current Year Financial Highlights

- The District's net position increased by $1,500,455, or 24.8%, from 2019.
- User fees increased by $57,727, or 8.3%, from 2019.
- Total general and administrative expenses increased by $85,606, or 23.7%, from 2019.

Overview of the Financial Statements

The financial statements included in this annual report are as follows:

- Statements of Net Position – provide information about the nature and amounts of District assets, liabilities, and deferred inflow/outflows of resources. Net position reflects the difference between assets, liabilities, and deferred inflows/outflows of resources. An increase in net position over time typically indicates an improvement in financial condition.
- Statements of Revenues, Expenses, and Changes in Net Position – report the District's operating and non-operating revenues by major source, along with operating and non-operating expenses, and capital contributions.
- Statements of Cash Flows – provide information about the District's cash receipts, cash payments, and changes in cash resulting from operating activities, financing activities, and investing activities.

Monument Sanitation District
Management Discussion and Analysis

Condensed Statements of Net Position

As of December 31,	2020	2019
Current Assets	$ 855,406	$ 607,825
Capital Assets - Net	4,995,009	3,808,295
Non-Current Restricted Assets	42,257	42,232
Investment in Joint Use Facility	2,318,385	2,374,697
Total Assets	8,211,057	6,833,049
Deferred Outflows of Resources	174,328	64,876
Total Assets and Deferred Outflows of Resources	$ 8,385,385	$ 6,897,925
Current Liabilities	$ 140,211	$ 117,101
Net Pension Liability	233,535	356,549
Other Post Employment Benefit (OPEB) Liability	27,487	29,923
Revenue Note Payable	240,000	270,000
Total Liabilities	641,233	773,573
Deferred Inflows of Resources	187,935	68,590
Total Liabilities and Deferred Inflows of Resources	829,168	842,163
Net Position		
Invested in Capital Assets - Net of Related Debt	4,995,009	3,808,295
Restricted - Revenue Note Reserve	42,257	42,232
Unrestricted	2,518,951	2,205,235
Total Net Position	7,556,217	6,055,762
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 8,385,385	$ 6,897,925

Monument Sanitation District
Management Discussion and Analysis

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

Years Ended December 31,	2020	2019
User Fees	$ 753,199	$ 695,472
Tax Revenue	-	4,182
Rental and Interest Income	24,316	32,344
(Loss) from Investment in Joint Use Facility	(56,312)	(52,067)
Other Revenue	28,287	43,187
Total Revenues	749,490	723,118
Operation and Maintenance Expense	419,690	384,124
Depreciation Expense	225,044	204,679
General and Administrative Expense	447,427	361,821
Total Expenses	1,092,161	950,624
(Loss) Before Capital Contributions	(342,671)	(227,506)
Capital Contribution - Wagons West Infrastructure	1,385,626	-
Capital Contributions - Tap Fees	457,500	133,650
Change in Net Position	1,500,455	(93,856)
Net Position - Beginning of Year	6,055,762	6,149,618
Net Position - End of Year	$ 7,556,217	$ 6,055,762

The District typically generates a net (loss) from operating activities. This is due to the depreciation expense charged to operations from capital improvements. Additions to capital improvements are reflected as non-operating revenue and expenses in the year of cash outlay.

Budgetary Highlights

There were significant variations between budgeted and actual revenues and expenses for the year ended December 31, 2020. Actual expenses were below budgeted amounts by $264,026 and actual revenues were below budgeted amounts by $195,115. The significant differences between actual and budgeted revenue was due to tap fee revenue, which was under budget by $162,500. Significant differences between actual and budgeted expenses were pension expense, which was under budget by $104,659, salaries and wages expense, was over budget by $86,057.

Capital Assets

Summarized below are the changes in capital assets:

As of and for the Years Ended December 31,	2020	2019
Beginning Capital Assets	$ 3,808,295	$ 3,984,827
Equipment and Capital Improvement	1,411,758	28,147
Depreciation Expense	(225,044)	(204,679)
Ending Capital Assets	$ 4,995,009	$ 3,808,295

Tri-Lakes Wastewater Treatment Facility Improvements and Litigation

The Monument Sanitation District, the Woodmoor Water and Sanitation District #1 ("Woodmoor"), and the Palmer Lake Sanitation District ("Palmer") provide wastewater treatment at the Tri-Lakes Wastewater Treatment Facility (TLWWTF), which is operated as a joint venture under the Amended Joint Use of Facilities Agreement dated June 6, 1996. The TLWWTF assets and liabilities are commonly owned by each district in an equal, undivided one-third interest.

In 2014, TLWWTF began incurring costs relating to construction improvements and nutrient removal in order to comply with new Federal and State regulations. The costs of construction and nutrient removal were originally allocated amongst the three districts based on ownership of capacity at TLWWTF. The District's ownership of capacity is 19.79%; Palmer's ownership of capacity is 15.93%; and Woodmoor's ownership of capacity is 64.28%.

To fund the costs of the improvements, the District entered into a revenue note agreement in the amount of $400,000, and was also awarded a cooperative grant (along with Woodmoor and Palmer) from the State of Colorado in the amount of $1,080,000.

The revenue note bears interest at 3.61%, and matures in December 2028. Under the terms of the agreement, the District was required to establish a debt reserve to cover principal and interest payments in the event of default. As of December 31, 2020 and 2019, the balance of the note was $270,000 and $300,000, respectively, and the balance of the debt reserve was $42,257 and $42,232, respectively.

Tri-Lakes Wastewater Treatment Facility Improvements and Litigation (Continued)

In February 2015, Woodmoor filed a claim against the District and Palmer regarding the allocation of the costs of construction improvements and nutrient removal at TLWWTF. Woodmoor claimed that the costs of improvement should be allocated between the three districts based on an ownership share of one-third per district. The District and Palmer claimed the improvements should be allocated based on ownership of capacity. In May 2016, the court ruled that the costs of construction improvements and nutrient removal should be allocated based on the one-third ownership share of each district. The District appealed the ruling and in May 2017 was notified it had lost the appeal and would be required to pay one-third of the costs of construction improvements and nutrient removal at TLWWTF, which were paid by the District in 2018.

Other Items

User Fees

For the years ended December 31, 2020 and 2019, the District's Board of Directors had approved user fees as follows:

Residential Fees	$40 and $35 per month, respectively
Commercial Fees	$40 and $35 per month up to 5,000 gallons, respectively
	$5.10 per 1,000 gallons thereafter

During the year ended December 31, 2020, the District received contributed capital from the Wagons West Infrastructure developer in the amount of $1,385,626, which consists of a new lift station and force main, valued at $363,968, and a collection system valued at $1,021,658.

Monument Sanitation District

Statements of Net Position - Proprietary Fund

As of December 31,	2020	2019
Current Assets:		
Cash and Cash Equivalents:		
In Banks and On Hand	$ 346,533	$ 54,468
In Colorado Local Government Liquid Asset Trust	368,747	466,017
Total Cash and Cash Equivalents	715,280	520,485
Receivables:		
User Fees	115,186	53,991
Tap Fees - Wakonda Hills	20,376	29,225
Other	4,564	4,124
Total Receivables	140,126	87,340
Total Current Assets	855,406	607,825
Non-Current Assets:		
Capital Assets:		
Office Building and Land	401,433	401,433
Office Building Improvements	352,993	352,993
Collection System	4,938,398	3,526,640
Office Equipment	43,355	43,355
Equipment	61,642	67,642
ARRA Wakonda Hills Collection System	2,000,000	2,000,000
	7,797,821	6,392,063
Less: Accumulated Depreciation	(2,802,812)	(2,583,768)
Capital Assets - Net	4,995,009	3,808,295
Investment in Joint Use Facility	2,318,385	2,374,697
Restricted - Revenue Note Reserve	42,257	42,232
Total Non-Current Assets	7,355,651	6,225,224
Total Assets	8,211,057	6,833,049
Deferred Outflows of Resources:		
Related to Pensions	167,220	63,836
Related to Other Post Employment Benefit (OPEB) Obligations	7,108	1,040
Total Deferred Outflows of Resources	174,328	64,876
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 8,385,385	$ 6,897,925

See accompanying notes to financial statements.

Monument Sanitation District

Statements of Net Position - Proprietary Fund (Continued)

As of December 31,	2020	2019
Current Liabilities:		
Accounts Payable - Trade	$ 107,935	$ 52,671
Payroll Taxes Payable and Accrued Vacation	2,276	34,430
Revenue Note Payable - Due Within One Year	30,000	30,000
Total Current Liabilities	140,211	117,101
Long-Term Debt and Liabilities:		
Net Pension Liability	233,535	356,549
Other Post Employment Benefit (OPEB) Liability	27,487	29,923
Revenue Note Payable - Due After One Year	240,000	270,000
Total Long-Term Debt and Liabilities	501,022	656,472
Total Liabilities	641,233	773,573
Deferred Inflows of Resources:		
Related to Pensions	181,646	68,277
Related to Other Post Employment Benefit Obligations (OPEB)	6,289	313
Total Deferred Inflows of Resources	187,935	68,590
Total Liabilities and Deferred Inflows of Resources	829,168	842,163
Net Position:		
Invested in Capital Assets - Net of Related Debt	4,995,009	3,808,295
Restricted - Revenue Note Reserve	42,257	42,232
Unrestricted	2,518,951	2,205,235
Total Net Position	7,556,217	6,055,762
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 8,385,385	$ 6,897,925

See accompanying notes to financial statements.

Monument Sanitation District

Statements of Revenues, Expenses, and Changes in Net Position - Proprietary Fund

Years Ended December 31,	2020	2019
Operating Revenues		
User Fees	$ 753,199	$ 695,472
Operating Expenses		
Depreciation	225,044	204,679
Vehicle Expenses	369	1,383
Engineering Fees	79,038	15,921
Repairs and Maintenance	81,619	107,980
Sewage Treatment and Disposal - Joint Use Facility	258,664	258,840
Total Operating Expenses	644,734	588,803
Gross Income From Operations	108,465	106,669
General and Administrative Expenses		
Audit and Accounting	25,365	22,860
Insurance and Bonding	38,931	53,323
Interest	10,830	11,913
Legal and Professional Fees	65,038	29,770
Office Supplies and Expenses	28,670	31,127
Payroll Taxes	5,465	4,102
Pension and OPEB Expense	(71,911)	(44,152)
Rent	-	2,868
Salaries	325,091	229,515
Telephone and Utilities	19,948	20,495
Total General and Administrative Expenses	447,427	361,821
(Loss) From Operations	(338,962)	(255,152)
Non-Operating Revenues (Expenses)		
Rental Income	20,700	27,600
Interest Income	3,616	4,744
Tax Revenue	-	4,182
Other Revenue	28,287	43,187
(Loss) from Investment in Joint Use Facility	(56,312)	(52,067)
Non-Operating Revenues (Expenses) - Net	(3,709)	27,646
(Loss) Before Capital Contributions	(342,671)	(227,506)
Capital Contributions - Wagons West Infrastructure	1,385,626	-
Capital Contributions - Tap Fees	457,500	133,650
Change in Net Position	1,500,455	(93,856)
Net Position - Beginning of Year	6,055,762	6,149,618
Net Position - End of Year	$ 7,556,217	$ 6,055,762

See accompanying notes to financial statements.

Monument Sanitation District

Statements of Cash Flows - Proprietary Fund

Years Ended December 31,	2020	2019
Cash Flows From Operating Activities:		
Cash Received from Customers	$ 691,564	$ 694,178
Cash Payments to Suppliers for Goods and Services	(646,529)	(542,451)
Cash Payments to Employees for Services	(313,034)	(232,236)
Net Cash Flows From Operating Activities	(267,999)	(80,509)
Cash Flows From Non-Capital Financing Activities:		
Tax Revenue	-	4,182
Other Revenue	28,287	43,187
Net Cash Flows From Non-Capital Financing Activities	28,287	47,369
Cash Flows From Capital and Related Financing Activities:		
Capital Contributed - Sewer Tap Fees	466,348	144,607
Revenue Note Payable	(30,000)	(30,000)
Acquisition of Capital Assets - Net	(26,132)	(28,147)
Net Cash Flows From Capital and Related Financing Activities	410,216	86,460
Cash Flows From Investing Activities:		
Rental Income	20,700	27,600
Restricted - Revenue Note Reserve	(25)	(42)
Interest Received	3,616	4,744
Net Cash Flows From Investing Activities	24,291	32,302
Change in Cash and Cash Equivalents	194,795	85,622
Cash and Cash Equivalents - Beginning of Year	520,485	434,863
Cash and Cash Equivalents - End of Year	$ 715,280	$ 520,485
Reconciliation of Operating (Loss) to Net Cash From Operating Activities:		
(Loss) From Operations	$ (338,962)	$ (255,152)
Net Cash From Operating Activities:		
Depreciation	225,044	204,679
Changes in Assets and Liabilities:		
Change in Receivables	(61,635)	(1,294)
Change in Prepaid Expenses	-	11,710
Change in Accounts Payable - Trade	55,264	27,673
Change in Payroll Taxes Payable and Accrued Vacation	(32,154)	6,177
Change in Net Pension Liability	(123,014)	(71,610)
Change in OPEB Liability	(2,436)	(8,910)
Change in Deferred Outflows	(109,452)	61,715
Change in Deferred Inflows	119,346	(55,497)
Net Cash Flows From Operating Activities	$ (267,999)	$ (80,509)

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Introduction

The financial statements of the Monument Sanitation District (the "District") have been prepared in accordance with accounting principles generally accepted in the United States (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 significant accounting principles and policies utilized by the District are described below.

Reporting Entity

The District is a sanitation district created by state statute as a special district. Under the authority granted by such statutes, the District has the power to enter into contracts and agreements; to sue and be sued; to hire employees and agents; to incur indebtedness and issue bonds; to refund any bonds of the District without an election; to fix rates, tolls, or charges for services, programs, or facilities furnished by the District, and to pledge such revenues for the payment of an indebtedness of the District; to adopt and enforce regulations promulgated by the Board; to cause the levy and collection of ad valorem property taxes; to acquire, dispose of, and encumber real and personal property and any interest in such property including leases and easements; to have the management, control, and supervision of all the business affairs of the District and the construction, installation, operation, and maintenance of the District improvements within and outside the District; and to exercise the power of eminent domain for the condemnation of private property (except water rights) for public use. The Board may also, subject to compliance with statutory procedures, order the inclusion or exclusion of real property, thereby modifying the boundaries of the District.

The District follows GASB accounting pronouncements which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District has no component units as defined by GASB, Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units.

The District is not financially accountable for any other organizations.

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accompanying financial statements are presented per GASB No. 34 - *Special Purpose Governments*.

The financial statements (i.e., the Statements of Net Position and the Revenues, Expenses, and Changes in Net Position) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The funds are only reported in the Statements of Net Position at the fund financial statement level. The governmental activities column incorporates data from governmental funds and internal service funds. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Revenues, Expenses, and Changes in Net Position demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District uses one fund to report on its financial position and activities. Fund accounting is designed to segregate transactions related to certain government functions and activities. The District's fund is classified as an enterprise fund type. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The District's records are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and unrestricted resources as they are needed.

Note 1: Summary of Significant Accounting Policies (Continued)

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

The District reports all activity in one enterprise fund which is a proprietary fund type. This fund is considered a major fund.

Budgets

Budgets are adopted on a non-GAAP basis for the funds. In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. Encumbrance accounting (open purchase orders, and other commitments for the expenditures of funds in future periods) is not used by the District for financial reporting purposes, but is used for budgetary purposes.

Assets, Liabilities, and Net Position

Cash Equivalents

For purposes of the Statements of Cash Flows, the District considers cash deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

No provision is made for uncollectible accounts as the District has tax lien authority against the specific properties for collection of amounts due.

Capital Contributions from Developers

Developers of new subdivisions within the District are required to construct the necessary sewer lines in accordance with District specifications. The District charges a tap fee for collections in the new subdivisions. The amount of tap fees to be retained by the District is recorded as a Capital Contribution.

The estimated cost of sewer lines and other distribution facilities constructed and installed by the developer is recorded by the District as capital assets and capital contributions upon completion of the facilities and acceptance by the District.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position (Continued)

Capital Assets

The District defines capital assets as assets with an initial individual cost of more than $1,000, and an estimated useful life in excess of two years. The cost of maintenance and repairs, as well as minor replacements and improvements, is charged against income as incurred. The District has elected not to report major general infrastructure assets retroactively. Depreciation is provided on the straight-line basis over the estimated useful life of the property as follows:

Collection System	31 Years
Equipment	5 Years
Building and Improvements	39 Years

Depreciation is computed and recorded as an operating expense. Expenditures for property, plant, and equipment are shown as increases in assets, and redemption of bonds is recorded as a reduction in liability.

Property Taxes

For the year ended December 31, 2020 and 2019, no property taxes were levied.

Fair Value of Financial Instruments

The Districts' financial instruments include cash and cash equivalents, receivables, accounts payable, and short-term borrowings. The fair value of these financial instruments approximates their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

The fair value of the revenue note payable is estimated based on the current rates offered to the District for debt of the same remaining maturities. As of December 31, 2020 and 2019, the fair value of the note approximated the amounts recorded in the financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position (Continued)

Net Position

The financial statements utilize a net position presentation. Net position is categorized into three components: invested in capital assets - net of related debt, restricted net position, and unrestricted net position.

Invested in Capital Assets - Net of Related Debt. This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Revenue Note Reserve. This component of net position consists of reserve requirements relating to the revenue note payable imposed by the lender.

Unrestricted Net Position. This component consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

Operating and Non-Operating Revenue and Expenses. Operating revenues result from user fees. Expenses associated with providing wastewater treatment services are considered operating. Non-operating revenues result from rental income and non-exchange transactions, such as gains and losses on the joint use facility and interest income, as well as property tax revenues.

Note 2: Cash and Cash Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. The statute specifies eligible depositories for public cash deposits, which must be Colorado institutions and must maintain Federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution, or held-in-trust for all local government depositories as a group, with a market value equal to at least 102 percent of the uninsured deposits. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution held-in-trust. The market value of the collateral must be at least equal to the aggregate uninsured deposit. The State Regulatory Commissions for banks and financial services are required by statutes to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2020 and 2019, none of the District's bank deposits were exposed to credit risk.

Note 2: Cash and Cash Investments (Continued)

At December 31, 2020 and 2019, the District's cash deposits had a carrying and bank balance as follows:

	2020		2019	
	Carrying Balance	Bank Balance	Carrying Balance	Bank Balance
Cash on Hand	$ 100	$ -	$ 150	$ -
Revenue Note Reserve	42,257	42,257	42,232	42,232
Insured Deposits (FDIC)	346,433	352,354	54,318	63,062
Total Cash	$ 388,790	$ 394,611	$ 96,700	$ 105,294

Concentration of Credit Risk

State statutes do not limit the amount the District may invest in one issuer. The District's general investment policy requires the "prudent-investor" standard which states, "Investments shall be made with judgment and care under circumstances then prevailing with persons or prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income derived."

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

- Obligations of the United States and certain U.S. government agency securities.
- Certain internal and agency securities.
- General obligation and revenue bonds of U.S. local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.
- Local government investment pools.

Local Government Investment Pool

At December 31, 2020 and 2019, the District had invested $368,747 and $466,017, respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal to $1.00. The Trust may invest in U.S.Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The Trust is rated AAA by both Standard and Poor's, and Moody's.

Note 2: Cash and Cash Investments (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. At December 31, 2020 and 2019, the market value of the investment was the same as the carrying value.

Interest Rate Risk

State statute limits investments in agencies to a maximum five year maturity, and corporate bonds to three years.

Note 3: Capital Assets

Capital asset balances and activity for the year ended December 31, 2020, were as follows:

	Balance Jan. 1, 2020	Additions	Reclassifications/ Retirements	Balance Dec. 31, 2020
Office Building, Land, and Office Building Improvements	$ 754,426	$ -	$ -	$ 754,426
Collection System	3,526,640	1,411,758	-	4,938,398
Office Equipment	43,355	-	-	43,355
Equipment	67,642	-	(6,000)	61,642
ARRA Wakonda Hills Collection System	2,000,000	-	-	2,000,000
Total Capital Assets	$ 6,392,063	$ 1,411,758	$ (6,000)	$ 7,797,821
Accumulated Depreciation:				
Office Building, Land, and Office Building Improvements	$ 256,761	$ 18,320	$ -	$ 275,081
Collection System	1,659,373	129,371	-	1,788,744
Office Equipment	43,354	-	-	43,354
Equipment	41,945	11,147	(6,000)	47,092
ARRA Wakonda Hills Collection System	582,335	66,206	-	648,541
Total Accumulated Depreciation	$ 2,583,768	$ 225,044	$ (6,000)	$ 2,802,812

Note 3: Capital Assets (Continued)

Capital asset balances and activity for the year ended December 31, 2019, were as follows:

	Balance Jan. 1, 2019	Additions	Reclassifications/ Retirements	Balance Dec. 31, 2019
Office Building, Land, and Office Building Improvements	$ 754,426	$ -	$ -	$ 754,426
Collection System	3,526,640	-	-	3,526,640
Office Equipment	43,355	-	-	43,355
Equipment	39,495	28,147	-	67,642
ARRA Wakonda Hills Collection System	2,000,000	-	-	2,000,000
Total Capital Assets	$ 6,363,916	$ 28,147	$ -	$ 6,392,063
Accumulated Depreciation:				
Office Building, Land, and Office Building Improvements	$ 237,699	$ 19,062	$ -	$ 256,761
Collection System	1,544,968	114,405	-	1,659,373
Office Equipment	43,354	-	-	43,354
Equipment	36,939	5,006	-	41,945
ARRA Wakonda Hills Collection System	516,129	66,206	-	582,335
Total Accumulated Depreciation	$ 2,379,089	$ 204,679	$ -	$ 2,583,768

Note 4: Investment in Joint Use Facility

The District, the Woodmoor Water and Sanitation District #1 ("Woodmoor"), and the Palmer Lake Sanitation District ("Palmer") provide wastewater treatment at the Tri-Lakes Wastewater Treatment Facility (TLWWTF), which is operated as a joint venture under the Amended Joint Use of Facilities Agreement dated June 6, 1996. The TLWWTF assets and liabilities are commonly owned by each district in equal, undivided one-third interests. The audited financial statements of the TLWWTF, dated May 16, 2019, are available at the treatment facility. Woodmoor is presently the management company for the facility, as directed by a three member board of directors, comprised of one director and an alternate appointed from each district.

The District uses the equity method to record its share of joint use facility transactions. At December 31, 2020 and 2019, the District's ownership interest in TLWWTF reflected in the Statements of Net Position as Investment in Joint Use Facility, was $2,318,385 and $2,374,697, respectively. The District's share of the change in net position of TLWWTF for the years ended December 31, 2020 and 2019, reflected in the Statements of Revenues, Expenses, and Changes in Net Position as (Loss) from Investment in Joint Use Facility, was ($56,312) and ($52,067), respectively.

Note 4: Investment in Joint Use Facility (Continued)

The following reflects a summary of the financial position and results of operations of TLWWTF, as of and for the years ended December 31, 2020 and 2019:

	2020	2019
Cash	$ 7,505	$ 100
Accounts Receivable	83,478	174,996
Prepaid Expenses	34,959	38,194
Capital Assets - Net of Accumulated Depreciation	7,400,026	7,591,460
Total Assets	7,525,968	7,804,750
Deferred Outflows of Resources - Related to Pensions	258,139	278,261
Total Assets and Deferred Outflows of Resources	$ 7,784,107	$ 8,083,011
Accounts Payable	$ 12,207	$ 106,067
Compensated Absences	68,761	95,946
Deposits Held	59,172	59,172
Net Pension Liability	384,384	579,457
Net OPEB Liability	45,247	58,227
Total Liabilities	569,771	898,869
Total Net Position	6,904,155	7,073,090
Deferred Inflows of Resources - Related to Pensions	310,181	111,052
Total Liabilities, Net Position, and Deferred Inflows of Resources	$ 7,784,107	$ 8,083,011
Operating Revenues	$ 1,204,221	$ 1,130,719
Non-Operating Income	2,518	81,389
Operating (Expenses)	(1,375,674)	(1,368,308)
Net (Loss)	$ (168,935)	$ (156,200)

Capital outlays of the joint use facility are assessed equally to each district. Operating expenses for the joint use facility are allocated to the respective districts based on various factors, such as monthly influent flows and BOD loadings.

Note 4: Investment in Joint Use Facility (Continued)

Monthly billings from the joint use facility, which cover both operating expenses and other assessments, are expensed by the District. Included in Sewage Treatment and Disposal Expense for the years ended December 31, 2020 and 2019, are the following charges related to the joint use facility:

	2020	2019
Operating Expenses Charged by TLWWTF	$ 237,615	$ 232,457
Other - Sludge Removal	21,049	26,383
Total Sewage Treatment and Disposal Expense	$ 258,664	$ 258,840

As of December 31, 2020 and 2019, the District owed TLWWTF $54,112 and $38,673, respectively, which is included in Accounts Payable - Trade.

On October 13, 1998, and December 12, 2006, the District contributed $10,000 and $7,000, respectively, to an escrow deposit account with TLWWTF. The ownership presentation of the Investment in Joint Use Facility is as follows as of December 31, 2020 and 2019:

	2020	2019
Net Position TLWWTF	$ 6,904,155	$ 7,073,090
District's Equity Percentage	33.33 %	33.33 %
District's Ownership Interest	2,301,385	2,357,697
Escrow Deposit	17,000	17,000
Investment in Joint Use Facility	$ 2,318,385	$ 2,374,697

Note 5: Revenue Note Payable

In December 2013, the District entered into a revenue note agreement in the original amount of $400,000. The revenue note bears interest at a rate of 3.61%, and matures on December 1, 2028. Interest is due semi-annually. The revenue note constitutes an irrevocable and first lien on the Net Revenue of the District. Net Revenue (defined in the note agreement as Gross Revenue less Operating and Maintenance Expenses) is pledged for the payment of the revenue note. No monthly payments are required under the revenue note, but the note stipulates annual principal payment requirements escalating from $5,000 per annum to $40,000 over the duration of the loan. Principal repayments must be made from Net Revenues or from the Reserve Deposit Account, described below.

Note 5: Revenue Note Payable (Continued)

The following is a summary of the revenue note payable activity for the years ended December 31, 2020 and 2019:

	2020	2019
Balance, January 1	$ 300,000	$ 330,000
Principal Payments	(30,000)	(30,000)
Balance, December 31	$ 270,000	$ 300,000

The following is a summary of the future maturities for the revenue note payable for the years ending December 31:

	Principal	Interest
2021	$ 30,000	$ 9,747
2022	30,000	8,664
2023	30,000	7,581
2024	35,000	6,858
2025	35,000	5,235
2026-2028	110,000	8,122
	$ 270,000	$ 46,207

Under the terms of the note, the District is required to establish a reserve account to be used only to prevent default in the payment of the revenue note. The reserve account was required to be funded with an initial deposit of $21,000 by December 31, 2013, and then an additional $7,000 per annum until the reserve account is funded with a balance of $42,000. As of December 31, 2020 and 2019, the balance of the reserve account was $42,257 and $42,232, respectively, and is reflected as Restricted - Revenue Note Reserve in the Statements of Net Position.

Note 6: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation, for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal 2020.

The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool"), as of December 31, 2020 and 2019. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery, and workers compensation coverage to its members. The Pool provides coverage for property claims up to $20,000,000, and liability claims up to $1,000,000. Workers compensation claims are covered up to statutory limits, with claims related to employer's liability up to $2,000,000. There have been no claims that have exceeded this coverage in any of the past three fiscal years.

Note 6: Risk Management (Continued)

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

Note 7: Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

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. A brief description of some of the major changes to plan provisions required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2020 measurement date are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates for the LGDTF by a total of two percent (to be phased in over a period of three years starting July 1, 2019).

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2020, and raises the retirement age for new employees.

- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

Note 7: Defined Benefit Pension Plan (Continued)

- Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

General Information about the Pension Plan

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

***Benefits Provided as of December 31, 2019*:** 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 the 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.

Note 7: Defined Benefit Pension Plan (Continued)

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to in the C.R.S. as annual increases. Pursuant to SB 18-200, there are no annual increase (AI) for 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the Denver Public Schools (DPS) benefit structure, receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year.

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of one percent based on the parameters specified C.R.S.§ 24-51-413.

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

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

Contribution Provisions: 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. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period from January 1, 2020 through December 31, 2020.

The employer contribution requirements during the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer Contribution Rate[1]	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]	(1.02)%	(1.02)%
Amount Apportioned to the LGDTF[1]	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411[1]	1.50%	1.50%
Total Employer Contribution Rate to the LGDTF[1]	12.68%	13.18%

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

Note 7: Defined Benefit Pension Plan (Continued)

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 $40,080 and $27,809, for the years ended December 31, 2020 and 2019, respectively.

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

At December 31, 2020 and 2019, the District reported a liability of $233,535 and $356,549, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2020 and 2019. The District proportion of the net pension liability was based on District contributions to the LGDTF for the calendar years 2019 and 2018, relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the District proportion was 0.0319302743%, which was an increase of 0.000065238145% from its proportion measured as of December 31, 2018.

For the years ended December 31, 2020 and 2019, the District recognized pension expense of $69,383 and $27,361, respectively.

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
Difference between expected and actual experience	$ 15,283	$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	86,103	181,646
Changes in proportion and differences between contributions recognized and proportionate share of contributions	25,754	-
Contributions subsequent to the measurement date	40,080	-
Total	$167,220	$ 181,646

Note 7: Defined Benefit Pension Plan (Continued)

The $40,080 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending December 31:

2021	($9,493)
2022	($26,585)
2023	$3,827

At December 31, 2019, 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
Difference between expected and actual experience	$ 14,908	$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	114,710	68,277
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(93,591)	-
Contributions subsequent to the measurement date	27,809	-
Total	$ 63,836	$ 68,277

Note 7: Defined Benefit Pension Plan (Continued)

Actuarial Assumptions: The total pension liability in the December 31, 2018 actuarial valuation was determined using the following 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]	1.25 percent
PERA Benefit Structure, hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

[1]For 2019, the AI was 0.00 percent.

Healthy mortality assumptions for active members were based on 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 females.

Healthy, 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.

Note 7: Defined Benefit Pension Plan (Continued)

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

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
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

Note 7: Defined Benefit Pension Plan (Continued)

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%.
- Employee contributions were assumed to be made at the current member contribution rate in effect for each year, including scheduled increases in SB 18-200. 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 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 .50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial 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 AI cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019 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.

Note 7: Defined Benefit Pension Plan (Continued)

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:

2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$428,987	$233,535	$69,162

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 2019 rate:

2019	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$564,658	$356,549	$232,495

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.

During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: PERA Public Employees' Retirement Association Local Government Divisions Contributions Rate. The bill was signed into law by Governor Polis on May 20, 2019, and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB18-200.

Note 8: Other Post Employment Benefits (OPEB)

Summary of Significant Accounting Policies

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

Note 8: Other Post Employment Benefits (OPEB) (Continued)

General Information about the OPEB Plan

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

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

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

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, 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 with 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.

Note 8: Other Post Employment Benefits (OPEB) (Continued)

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B, and the difference in premium cost is paid by the HCTF or 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 $3,216, for the year ended December 31, 2020.

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

At December 31, 2020 and 2019, the District reported a liability of $27,487 and $29,923, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.0024454789 percent, which was an increase of 0.000002461431 from its proportion measured as of December 31, 2018.

Note 8: Other Post Employment Benefits (OPEB) (Continued)

For the year ended December 31, 2020, the District recognized OPEB income of $3,741. 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
Difference between expected and actual experience	$ 91	$ 4,618
Changes in assumptions or other inputs	229	-
Net difference between projected and actual earnings on OPEB plan investments	901	443
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,671	1,228
Contributions subsequent to the measurement date	3,216	-
Total	$ 7,108	$ 6,289

The $3,216 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending December 31:

2021	($3,054)
2022	($3,054)
2023	($3,054)
2024	($3,054)
2025	($3,054)
2026 and Thereafter	($12,216)

Note 8: Other Post Employment Benefits (OPEB) (Continued)

Actuarial Assumptions: The total OPEB liability in the December 31, 2018 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 Bremium Subsidy	0.00 percent
PERACare Medicare Plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A Premiums	3.50 percent for 2019, gradually increasing 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, 2018 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 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$736	$367
Kaiser Permanente Medicare Advantage HMO	$602	$236

The 2019 Medicare Part A premium is $437 per month.

Note 8: Other Post Employment Benefits (OPEB) (Continued)

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
Self-Funded Medicare Supplement Plans	$562
Kaiser Permanente Medicare Advantage HMO	$571

All costs are subject to the health care costs 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, 2016, 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	8.60%	3.50%
2021	7.30%	3.50%
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.

Note 8: Other Post Employment Benefits (OPEB) (Continued)

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 70 percent factor applied to female rates.

Healthy, post-retirement 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.

Healthy, post-retirement 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 economic and demographic assumptions were specifically developed for, 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 or 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 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.

Note 8: Other Post Employment Benefits (OPEB) (Continued)

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
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
	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	4.60%	5.60%	6.60%
Unlimited 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	$26,834	$27,487	$28,242

Note 8: Other Post Employment Benefits (OPEB) (Continued)

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, 2019 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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%)
Proportionate Share of the Net OPEB Liability	$31,079	$27,487	$24,415

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

Note 9: Commitments and Contingencies

Environmental Protection Agency (EPA)

The EPA has imposed certain requirements for providing sludge removal at the treatment plant owned and operated jointly with Woodmoor Water and Sanitation District #1 and Palmer Lake Sanitation District. However, the District's legal counsel has determined that the treatment facility may be exempt from the EPA requirements.

Tax, Spending, and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments. The District operates as a waste water activity pursuant to Title 37, Article 45.1 of the state statutes.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenues in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes its operations qualify for this exclusion. However, TABOR is complex and subject to interpretation. Many of the provisions, including qualification as an enterprise, will require judicial interpretation. Accordingly, the possibility exists that the District's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue is provided for in these financial statements.

Operating Lease Commitments

In January 2013, the District entered into an operating lease for office equipment. Under the terms of the lease, the District must make monthly payments of $272. Following are the future minimum lease payment for the years ending December 31:

2021	$	3,274
2022		3,274
2023		1,637
	$	8,185

Note 10: Accounts Receivable Tap Fees - Wakonda Hills

The District allowed Wakonda Hill's Residents that were using spectic to purchase taps for $5,000 with a $1,000 credit if signed up during 2004 and 2005. These residents were allowed to pay the taps over 15 years with no interest. At December 31, 2020 and 2019 the outstanding balance was $20,376 and $29,225, respectively.

Supplementary Information

Monument Sanitation District

Schedule of Revenues, Expenses, and Changes in Net Position - Budget to Actual - Proprietary Fund

Year Ended December 31, 2020	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
User Fees	$ 767,217	$ 753,199	$ (14,018)
Interest Income	500	3,616	3,116
Other Revenue	50,000	28,287	(21,713)
Rental Income	20,700	20,700	-
Tap Fees	620,000	457,500	(162,500)
Total Revenue	1,458,417	1,263,302	(195,115)
Expenditures			
Revenue Loan Payment	30,000	30,000	-
Administration			
Accounting	10,500	10,615	(115)
Auditing	13,500	14,750	(1,250)
Bank Charges	200	100	100
Board Expense	2,000	-	2,000
Election Expense	2,000	-	2,000
Insurance Expense	17,000	10,586	6,414
Janitorial	6,500	6,650	(150)
Licenses and Fees	500	-	500
Office Equipment Repairs	6,500	-	6,500
Office Supplies	8,000	4,581	3,419
Postage and Meter Rental	13,500	12,885	615
Publishing	500	1,085	(585)
Recording and Reporting	1,500	(799)	2,299
Rent - Storage	2,600	-	2,600
Telephone	8,000	8,674	(674)
Workshops and Conferences	1,500	105	1,395
Total Administration Expenses	94,300	69,232	25,068
Public Works			
Joint Use Fees	270,956	237,616	33,340
Repairs and Maintenance	65,000	56,650	8,350
Sludge Removal	26,521	21,049	5,472
Trails End Lift Station Utilities	2,640	-	2,640
Total Public Works Expenses	365,117	315,315	49,802

Monument Sanitation District

Schedule of Revenues, Expenses, and Changes in Net Position - Budget to Actual - Proprietary Fund (Continued)

Year Ended December 31, 2020	Budget	Actual	Variance Favorable (Unfavorable)
Employee Expenses			
Payroll Taxes	$ 3,466	$ 5,465	$ (1,999)
Pension Expense	32,748	(71,911)	104,659
Salaries and Wages	239,034	325,091	(86,057)
Travel and Lodging	2,500	56	2,444
Health Insurance	38,000	27,835	10,165
Workers Compensation	2,789	510	2,279
Total Employee Expenses	318,537	287,046	31,491
Building Expenses			
Utilities and Trash	11,000	11,273	(273)
Repairs and Maintenance	9,500	20,058	(10,558)
Insurance	1,000	-	1,000
Total Building Expenses	21,500	31,331	(9,831)
Other Expenses			
Advertising and Promotion	1,000	-	1,000
Interest Expense	10,830	10,830	-
Business Meals	500	31	469
Dues and Subscriptions	2,500	3,976	(1,476)
Legal Fees	50,000	59,994	(9,994)
Professional Fees	3,000	5,045	(2,045)
Engineering Fees	10,000	79,038	(69,038)
Contingency	200,000	-	200,000
Sick Leave and Vacation Reserve	7,800	-	7,800
New Equipment, Furniture, and Fixtures	15,000	-	15,000
Truck and Fuel Maintenance	2,500	588	1,912
Capital Improvements - District	50,000	26,132	23,868
Total Other Expenses	353,130	185,634	167,496
Total Expenditures	1,182,584	918,558	264,026
Revenue Over (Under) Expenditures	$ 275,833	344,744	$ (459,141)
Increase (Decrease) to Reconcile Budgetary Basis to GAAP Basis			
Revenue Loan Payment		30,000	
Payroll and Vacation Reserve		32,154	
(Decrease) in Pension and OPEB Liabilities		(116,770)	
Receivables - Other		(32,699)	
New Equipment, Furniture, and Fixtures		26,132	
Capital Improvements - Developer Contributions		1,385,626	
Depreciation Expense		(225,044)	
Loss from Joint Use Facility		56,312	
Increase (Decrease) in Net Position		$ 1,500,455	

See Independent Auditor's Report.

Monument Sanitation District

Schedules of the District's Proportionate Share of the Net Pension Liability - Proprietary Fund

As of and for the Years Ended December 31,	2020	2019	2018	2017	2016
District's Proportionate Share of the Net Pension Liability	0.031930 %	0.028360 %	0.038454 %	0.036028 %	0.035914 %
District's Proportionate Share of the Net Pension Liability	233,535	356,549	428,159	486,510	321,902
District's Covered Payroll	$ 325,091	$ 229,515	$ 192,771	$ 255,944	228,962
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	72 %	155 %	216 %	190 %	141 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.26 %	76.00 %	79.37 %	73.60 %	80.71 %

See Independent Auditor's Report.

Monument Sanitation District

Schedules of the District's Required Contributions - Local Government Division Trust Fund - Proprietary Fund

As of and for the Years Ended December 31,	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 27,882	$ 23,586	$ 23,727	$ 30,085	$ 26,841
Contributions in Relation to the Contractually Required Contribution	(27,882)	(23,586)	(23,727)	(30,085)	(26,841)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 325,091	$ 229,515	$ 192,771	$ 255,944	$ 2,019,716
Contribution as a Percentage of Covered Payroll	8.58 %	10.27 %	11.97 %	14.35 %	11.72 %

See Independent Auditor's Report.

Monument Sanitation District

Schedules of the District's Proportionate Share of the Net OPEB Liability - Proprietary Fund

As of and for the Years Ended December 31,	2020	2019
District's Proportionate Share of the Net OPEB Liability	0.002445 %	0.002199 %
District's Proportionate Share of the Net OPEB Liability	$ 27,487	$ 29,923
District's Covered Employee Payroll	$ 325,091	$ 229,515
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	8 %	13 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.49 %	17.00 %

See Independent Auditor's Report.

Monument Sanitation District

Schedules of the District's OPEB Required Contributions - Health Care Trust Fund - Proprietary Fund

As of and for the Years Ended December 31,	2020	2019
Contractually Required Contribution	$ 3,216	$ 2,341
Contributions in Relation to the Contractually Required Contribution	(3,216)	(2,341)
Contribution Deficiency (Excess)	$ -	$ -
Covered Payroll	$ 325,091	$ 229,515
Contribution as a Percentage of Covered Payroll	0.99 %	1.01 %

See Independent Auditor's Report.