

FREMONT SANITATION DISTRICT

FINANCIAL STATEMENTS
December 31, 2023



Logan *and* Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fremont Sanitation District
Fremont County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Fremont Sanitation District, which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses and changes in fund net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Fremont Sanitation District as of December 31, 2023 and 2022, and the respective changes in financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i – viii, and schedule of the proportionate share of the net pension liability, the schedule of pension contributions, schedule of the proportionate share of the net OPEB liability and the schedule of district OPEB contributions on pages 36 – 39, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Logan and Associates, LLC

Aurora, Colorado
May 7, 2024



Fremont Sanitation District

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ANNUAL REPORT **YEAR ENDING DECEMBER 31, 2023**

OVERVIEW

This annual report consists of the following parts: Management’s Discussion and Analysis, Basic Financial Statements, and Supplementary Information. The Financial Statements include notes that explain in detail some of the information included in the basic financial statements.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2023

- Total Net Position, after accumulated depreciation expense, increased by \$2,798,793.
- Depreciation expense totaled \$779,901.
- Total Liabilities increased by \$3,158,240.
- There was a reduction in Long Term Debt of \$42,899.
- Operating Revenues increased by \$566,591.
- Operating Expenses increased by \$419,068.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The purpose of this section is to provide non-technical information, so that the average District “shareholder” can understand the financial condition of the District. This understanding can then be utilized when evaluating rate increases and the effectiveness and efficiency of the District’s operations.

WHO WE ARE

Fremont Sanitation District is a “Quasi-Private Public Entity” formed under Colorado’s Special District Laws. This means that we are a public body which is overseen by an elected Board of Directors, similar to a City and City Council. Unlike a City, however, we operate as a non-profit business commonly referred to as an “enterprise fund.” All of the people living in or who own property within our boundaries are the “shareholders.” All “shareholders” are eligible to vote on who is to sit on the Board of Directors. Only “shareholders” who live in or own property within the District’s boundaries are eligible to be elected to sit on the Board of Directors. The Board’s primary responsibilities are to protect the public’s health and its capital investment in treatment and collection systems, while meeting environmental protection laws.

We use the term “shareholder” here, rather than citizen or customer, because “shareholder” more accurately depicts the working relationship between the Board of Directors/District employees and the citizens/customers (shareholders) of the District. This working relationship creates a shared interest in the proper maintenance and operation of the system.

The District has approximately 173 miles of pipes and 2,700 manholes that make up the collection system. On average, this system transports 3.4 million gallons of wastewater to the treatment plant each day for treatment. Pipes range in size from 6-inch to 36-inch diameter and are buried up to 40 feet in the ground. As of December 31, 2023, the District issued 40 new permits for sanitary sewer services in 2023. The District boundaries contain an estimated population (including inmates) of 34,000 people.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Statement of Net Position (page 1) includes information on the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statement of Revenues, Expenses, and Changes in Fund Net Position (page 2) identifies the District's revenues and expenses for the fiscal year ended December 31, 2023. The third financial statement is the Statement of Cash Flows (page 3). This statement provides information on the District's cash receipts, cash payments, and changes in cash resulting from operations, investments, and capital & related financing activities. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and cash equivalent balances for the past fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT

When evaluating the financial condition of an entity, the first thing to look at is the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. For 2023, the District's current assets, defined as those resources reasonably expected to be realized in cash or consumed within one year, increased by \$397,834. Current assets include Cash/Equivalents, Investments, Restricted Cash/Equivalents, Restricted Investments, Accounts Receivable, Prepaid Expenses, and Inventory.

Capital Assets, defined as an item costing more than \$5,000 with an expected useful life of more than one year, increased by \$3,237,110 in 2023. The District's system of pipelines, Service Center, Wastewater Treatment Plant, and fleet of equipment comprise the majority of the District's capital assets. In order to maintain an acceptable accounting standard of reporting, the District reported depreciation expense in the amount of \$779,901 on these capital assets in 2023. Total Assets, which includes the total resources owned by the District, increased by \$3,377,683.

Generally, when Current Assets and Total Assets are increasing, it is a sign of financial growth. However, Current and Total Liabilities must also be evaluated. When these items begin to increase more than the Current or Total Asset accounts, further assessment may be warranted. Current Liabilities, which are short-term financial obligations that are due within one year, include Accounts/Retainages Payable, Accrued Salaries, Unearned Revenue, Interest Payable, Loans/Bonds Payable, and Compensated Absences Payable. While most of these items increased in 2023, the total amount of the increase was less than the corresponding increase in Current Assets, as Total Current Liabilities increased by \$345,443 and Total Current Assets increased by \$397,834 in 2023.

Noncurrent Liabilities, which are amounts owed by the District that are due to be paid more than one year from the current period, include items such as Bonds Payable, Net Pension Liability, and Net OPEB Liability. Total Noncurrent Liabilities increased by \$2,812,797, mostly due to changes in the Pension Liability account, which was reported as an asset in 2022. Changes in actuarial assumptions and other financial inputs have resulted in the Net Pension Liability returning to the financial statements in 2023 in the amount of \$2,868,346. Net OPEB Liability and Bonds Payable both show decreases in 2023. Total Liabilities for 2023 increased by \$3,158,240.

REVENUES

District operations are funded from revenues received from the fees charged for services, interest income, and capital recovery through connection fees.

Revenue Source	<u>Condensed Statement of Revenues</u>		
	<u>2022</u>	<u>2023</u>	<u>Change Increase/(Decrease)</u>
Residential Customers	\$ 4,029,952	\$ 4,280,600	\$ 250,648
Commercial Customers	\$ 895,013	\$ 919,782	\$ 24,769
Institutional Customers	\$ 1,836,339	\$ 2,133,235	\$ 296,896
Capital Recovery	\$ 486,775	\$ 226,890	\$ (259,885)
Contributed Capital – Lines	\$ 84,264	\$ 459,008	\$ 374,744
Interest Income	\$ 95,038	\$ 419,312	\$ 324,274
PERA Pension Adjustment	\$ 1,135,362	\$ 0	\$ (1,135,362)
Other Revenues	\$ 570,044	\$ 594,381	\$ 24,337
Total Revenues	<u>\$ 9,132,787</u>	<u>\$ 9,033,208</u>	<u>\$ (99,579)</u>

In 2023, revenue for services increased by \$572,313, mostly due to the 5% rate increase implemented on January 1, 2023 and new accounts resulting from the large number of permits issued in the previous year. Revenues from residential and commercial customers equaled 101% and 103% of projected 2023 budget amounts, respectively. Revenues from the Federal Correctional Facility were approximately 52% over budget projections, due to the continued failure of the facility’s bar screen, which resulted in higher TSS and BOD levels in the facility’s discharge. The revenues from Department of Corrections equaled 118% of projected amounts, a result of increased usage in the various facilities. Capital Recovery, in the form of System Development Fees, decreased by \$259,885, representing approximately 85% of projected amounts. Tap sales were lower than expected, most likely due to the large number of purchases made in late 2022 in anticipation of the adoption of a new system development fee schedule and higher corresponding fees. Interest Income and Investment Gains greatly exceeded projected amounts as a result of higher than anticipated interest rates on the District’s investments.

EXPENSES

Condensed Statement of Expenses

	<u>2022</u>	<u>2023</u>	<u>Change Increase / (Decrease)</u>
Waste Transmission	\$ 1,350,935	\$ 1,485,233	\$ 134,298
Treatment Plant	\$ 1,788,191	\$ 1,830,869	\$ 42,678
Depreciation of System	\$ 713,718	\$ 779,901	\$ 66,183
Interest Expense	\$ 28,469	\$ 23,337	\$ (5,132)
District Administration	\$ 1,939,166	\$ 2,115,075	\$ 175,909
Total Expenses	\$ 5,820,479	\$ 6,234,415	\$ 413,936

CAPITAL ASSETS

As of December 31, 2023, the net book value of the District’s Capital Assets totaled \$18,412,641. This included additions during the year of \$4,017,011 and depreciation totaling \$779,901 on those assets being depreciated. Other assets, such as Land, Rights of Way, and Construction in Progress, are not depreciable. In addition, the District has significant assets that

are fully depreciated but remain serviceable and still provide an economic benefit to the District. These assets include many miles of sanitary sewer mains as well as most of the capital assets associated with the wastewater treatment plant.

Condensed Statement of Net Position

	<u>2022</u>	<u>2023</u>	<u>Change</u> <u>Increase/(Decrease)</u>
<u>Assets</u>			
Cash and Other Assets	\$ 12,736,348	\$ 13,134,182	\$ 397,834
Capital Assets	\$ 15,175,531	\$ 18,412,641	\$ 3,237,110
Net Pension Asset	<u>\$ 257,261</u>	<u>\$ 0</u>	<u>\$ (257,261)</u>
Total Assets	\$ 28,169,140	\$ 31,546,823	\$ 3,377,683
Deferred Outflows of Resources	\$ 420,303	\$ 1,283,298	\$ 862,995
<u>Liabilities</u>			
Outstanding Long-Term Debt	\$ 751,586	\$ 708,687	\$ (42,899)
Net Pension Liability	\$ -	\$ 2,868,346	\$ 2,868,346
Net OPEB Liability	\$ 201,139	\$ 188,489	\$ (12,650)
Current Liabilities	<u>\$ 994,984</u>	<u>\$ 1,340,427</u>	<u>\$ 345,443</u>
Total Liabilities	\$ 1,947,709	\$ 5,105,949	\$ 3,158,241
Deferred Inflows of Resources	\$ 1,843,886	\$ 127,531	\$ 1,716,355
<u>Net Position</u>			
Net Investment in Capital Assets	\$ 14,383,945	\$ 17,663,954	\$ 3,280,009
Restricted	\$ 225,000	\$ 245,000	\$ 20,000
Unrestricted	<u>\$ 10,188,903</u>	<u>\$ 9,687,687</u>	<u>\$ (501,216)</u>
Total Net Position	\$ 24,797,848	\$ 27,596,641	\$ 2,798,793

LONG-TERM DEBT

As of December 31, 2023, the District had \$748,687 in outstanding debt principal, which represents a reduction in the amount of \$42,899 as the result of payments during 2023. All of the outstanding debt principal amount is for debt incurred to provide sanitary sewer service to two Local Improvement Districts (LIDs). Those LIDs are responsible for funding the semi-annual debt retirement payments. Monthly fees are collected from accounts within these areas, in addition to the standard monthly fee the Fremont Sanitation District charges all customers. In January 2020, the District refinanced these notes, reducing both the interest rate and the maturity date. These are 20-year notes with varying ending dates. The District has made certain covenants related to these bonds which are discussed in Note 5 on page 12-13 of these financial statements.

Condensed Schedule of Revenues-Expenses Budget and Actual – Budgetary Bases

	<u>2023 Budget Original</u>	<u>2023 Actual</u>
Revenues	\$ 11,106,475	\$ 8,557,396
Expenses	\$ 10,840,976	\$ 9,055,417

ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES

The District’s Board of Directors adopted the 2024 Budget on December 19, 2023. Projected revenues for 2024 are based on a 5% increase to the 2023 rate structure, as approved by the Board. Several large projects were included in the 2023 budget and remained unfinished at the end of the year. The amount needed to complete these “Construction in Progress” projects is included in the 2024 budget. The District anticipates the collection of System Development Fees in the amount of \$225,000 for single-family residential permits, \$11,250 for permits adding Accessory Dwelling Units (ADUs) to existing accounts, and \$29,250 for commercial permits. In addition, \$191,070 is budgeted as income related to the District’s SDF funds.

Five Year Projection

Currently, the District is meeting discharge limits that were included in our Permit issued in January 2015. Limits for the discharge of Total Phosphorus and Total Inorganic Nitrogen were added in the 2015 Permit. The District’s current Permit expired on February 28, 2020; due to a backlog, the State has not issued a new Permit and has not established a timeline as to when a new Permit will be issued. It is assumed that the discharge limit for Total Phosphorus in the new Permit will be set below the Plant’s treatment capability and that additional treatment methods will be required.

District Staff has developed a 10-year Capital Improvement Plan (CIP) that assesses the life expectancy/replacement schedule for facilities, equipment, machinery, and vehicles. This CIP is utilized in the annual Budget preparation process.

Anyone having questions or comments regarding anything in this Audit Report should address them to the District’s Board of Directors, at 107 Berry Parkway, Canon City, CO 81212. Comments can be made by phone at (719) 269-9050, or by email to epay@fsd.co.

BASIC FINANCIAL STATEMENTS

FREMONT SANITATION DISTRICT

STATEMENTS OF NET POSITION

December 31, 2023 and 2022

	<u>BUSINESS-TYPE ACTIVITIES</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 617,110	\$ 1,336,042
Investments	6,863,430	6,294,757
Restricted Cash and Cash Equivalents	306,367	739,081
Restricted Investments	4,149,502	3,278,074
Accounts Receivable	966,570	960,945
Prepaid Expenses	556	479
Inventory	230,647	126,970
Total Current Assets	<u>13,134,182</u>	<u>12,736,348</u>
Capital Assets		
Capital Assets, Not Being Depreciated	4,255,545	1,516,458
Capital Assets, Net of Accumulated Depreciation	14,157,096	13,659,073
Total Capital Assets	<u>18,412,641</u>	<u>15,175,531</u>
Net Pension Asset	-	257,261
TOTAL ASSETS	<u>31,546,823</u>	<u>28,169,140</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pensions	1,235,941	377,470
Deferred Outflows of Resources Related to OPEB	47,357	42,833
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,283,298</u>	<u>420,303</u>
LIABILITIES		
Current Liabilities		
Accounts and Retainages Payable	574,724	277,640
Accrued Salaries, Wages and Related Liabilities	55,013	51,838
Unearned Revenue - Service Charges	495,354	470,889
Accrued Interest Payable	2,267	2,267
Loans and Bonds Payable, Current Portion	40,000	40,000
Compensated Absences Payable - Current Portion	173,069	152,350
Total Current Liabilities	<u>1,340,427</u>	<u>994,984</u>
Noncurrent Liabilities		
Bonds Payable, Including Bond Premium/Discount	708,687	751,586
Net Pension Liability	2,868,346	-
Net OPEB Liability	188,489	201,139
Total Noncurrent Liabilities	<u>3,765,522</u>	<u>952,725</u>
TOTAL LIABILITIES	<u>5,105,949</u>	<u>1,947,709</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions	68,104	1,782,665
Deferred Inflows of Resources Related to OPEB	59,427	61,221
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>127,531</u>	<u>1,843,886</u>
NET POSITION		
Net Investment in Capital Assets	17,663,954	14,383,945
Restricted for Emergency Reserve	245,000	225,000
Unrestricted	9,687,687	10,188,903
TOTAL NET POSITION	<u>\$ 27,596,641</u>	<u>\$ 24,797,848</u>

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

FREMONT SANITATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
 Years Ended December 31, 2023 and 2022

	BUSINESS-TYPE ACTIVITIES	
	2023	2022
OPERATING REVENUES		
Charges for Services	\$ 7,441,337	\$ 6,877,889
Miscellaneous	44,058	40,915
TOTAL OPERATING REVENUES	<u>7,485,395</u>	<u>6,918,804</u>
OPERATING EXPENSES		
Waste Collection	672,126	709,191
Waste Transmission	813,107	641,744
Wastewater Treatment, Pretreatment and Laboratory	1,334,915	1,323,655
Solids Processing	142,474	97,744
Engineering	353,480	366,792
Administration		
Buildings and Grounds		
Plant	483,896	487,202
Service Center	171,481	212,574
Finance	807,724	674,731
Information Technology	346,767	329,719
Management and General	305,207	234,940
Depreciation	779,901	713,718
TOTAL OPERATING EXPENSES	<u>6,211,078</u>	<u>5,792,010</u>
OPERATING INCOME (LOSS)	<u>1,274,317</u>	<u>1,126,794</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	419,312	95,038
Interest Expense	(23,337)	(28,469)
PERA Pension Income Adjustment	-	1,135,362
Gain (Loss) on Disposal	41,269	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>437,244</u>	<u>1,201,931</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,711,561	2,328,725
CAPITAL CONTRIBUTIONS		
Capital Grants	401,334	412,546
Contributed Lines and Mains - Developer	459,008	84,264
System Development Fees	226,890	486,775
TOTAL CAPITAL CONTRIBUTIONS	<u>1,087,232</u>	<u>983,585</u>
CHANGE IN NET POSITION	2,798,793	3,312,310
NET POSITION, Beginning	<u>24,797,848</u>	<u>21,485,538</u>
NET POSITION, Ending	<u>\$ 27,596,641</u>	<u>\$ 24,797,848</u>

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

FREMONT SANITATION DISTRICT

STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
Years Ended December 31, 2023 and 2022

	<u>BUSINESS-TYPE ACTIVITIES</u>	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 7,445,071	\$ 6,738,232
Miscellaneous Receipts	44,058	40,915
Cash Payments to Employees	(3,319,794)	(3,327,870)
Cash Payments to Suppliers	(1,360,552)	(1,720,721)
Net Cash Provided by Operating Activities	<u>2,808,783</u>	<u>1,730,556</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(3,558,004)	(746,220)
Cash Received from Disposal of Capital Assets	41,269	-
Principal Paid	(40,000)	(40,000)
Interest and Fiscal Charges Paid	(26,236)	(31,367)
Cash Received from Capital Grants	401,334	412,546
System Development Fees Received	226,890	486,775
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,954,747)</u>	<u>81,734</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Received from (Used by) Health Insurance Pool Reimbursement	<u>15,106</u>	<u>(6,409)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment Activity	(1,440,100)	(1,092,325)
Interest Received	419,312	95,038
Net Cash Provided (Used) by Investing Activities	<u>(1,020,788)</u>	<u>(997,287)</u>
Increase (Decrease) in Cash and Cash Equivalents	(1,151,646)	808,594
CASH AND CASH EQUIVALENTS, Beginning	<u>2,075,123</u>	<u>1,266,529</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 923,477</u>	<u>\$ 2,075,123</u>
SUMMARY OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 617,110	\$ 1,336,042
Restricted Cash and Cash Equivalents	<u>306,367</u>	<u>739,081</u>
Total Cash and Cash Equivalents	<u>\$ 923,477</u>	<u>\$ 2,075,123</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 1,274,317	\$ 1,126,794
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	779,901	713,718
Net Change in Deferred Outflows and Inflows Related to Pensions and OPEB	533,607	(22,378)
Changes in Assets and Liabilities		
Accounts Receivable	(20,731)	(160,900)
Prepaid Insurance	(77)	(479)
Inventory	(103,677)	(40,435)
Accounts Payable	297,084	118,755
Accrued Salaries and Benefits	3,175	(1,890)
Deferred Revenues - Customer Service Charges	24,465	21,243
Compensated Absences Payable	20,719	(23,872)
Net Cash Provided by Operating Activities	<u>\$ 2,808,783</u>	<u>\$ 1,730,556</u>
NON-CASH CAPITAL ACTIVITIES		
Contributed Lines and Mains - Developer	<u>\$ 459,008</u>	<u>\$ 84,264</u>

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

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fremont Sanitation District (the "District"), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Fremont County, Colorado. The District was established to provide sewer services to the District residents. The District is governed by an elected seven-member Board of Directors.

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

Reporting Entity

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

Fund Accounting

The District uses a fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District uses a proprietary fund-type, an enterprise fund, to account for its activities of providing sewer collection, transmission and treatment services to District residents. The enterprise fund uses the economic resources measurement focus and the accrual basis of accounting for reporting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

The activities of the fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. The fund distinguishes operating revenues and expenses from non-operating revenues and expenses, and capital contributions. Operating revenues and

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the 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 or capital contributions.

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

Assets, Liabilities and Net Position

Cash Equivalents and Investments - Cash equivalents include cash deposits and highly liquid investments with original maturities of three months or less when purchased. Certificate of deposits with original maturities greater than three months when purchased are reported as investments. Investments are reported at fair value or the net asset value method.

Receivables - All receivables are reported at their gross value. An allowance for uncollectible accounts is not reported because the uncollectible amounts were determined to be immaterial by management.

Inventory - Inventory is valued at cost using the first-in, first-out method. The cost of inventory is recorded as expense when consumed rather than when purchased.

Capital Assets - Capital assets, which include land, rights of way, water rights, sewer transmission system, treatment plant, buildings and equipment are reported in the financial statements net of accumulated depreciation. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. All infrastructure assets owned by the District, which include sewer collection and transmission systems, have been capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

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

Buildings, Transmission System and Treatment Plant	20 - 50 years
Improvements	10 - 25 years
Equipment	3 - 30 years

Unearned Revenue – Service Charges – Unearned revenues arise when resources are received by the District before it has a legal claim to them. Certain District billing cycles, which include billings for services to be provided in January, February and March of the following year, are reported as deferred revenue in the financial statements.

Compensated Absences - Employees of the District are allowed to accumulate unused vacation time and sick leave. Employees will be paid for all accrued vacation time upon separation of employment subject to restrictions set forth in the District’s policy manual. Employees in good standing after 10 years of service will be paid for unused sick leave up to a maximum of 360 hours at 50% of the current pay rate. These compensated absences are recognized as current salary costs when earned. Management has determined that the accrued compensated absences balances are due within one year. A current liability is reported in the financial statements for the accrued compensated absences.

Long-Term Obligations – Long-term debt and other long-term obligations are reported at face value, net of unamortized debt premiums and discounts, as liabilities in the financial statements. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement classification represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense) until then. The District has items related to pensions and Other Postemployment Benefits (OPEB) that are reported as deferred outflows of resources at December 31, 2023.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement classification represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

(revenue) until then. The District has an item related to pensions and OPEB that is reported as deferred inflows of resources at December 31, 2023.

Net Position – Net position results from the accumulation of net earnings from operating income, non-operating revenues and expenses, and capital contributions and are classified in the financial statements as follows:

- Net Investment in Capital Assets – The net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the long-term debt issued to acquire, construct, or improve the related capital assets. The long-term debt attributable to the unspent long-term debt proceeds at the end of the year is excluded from the calculation. Instead it is included in the same net position component as the unspent proceeds.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This classification includes the residual net position that does not meet the classification of “net investment in capital assets” or “restricted.”

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.

OPEB

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”).

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPEB (Continued)

The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

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

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2023 through May 7, 2024, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

Concentration of Customer Risk

The District receives approximately 28% of its sewer service revenues from two customers, Colorado Department of Corrections and Federal Correction Center. The loss of this revenue, if it were to occur, could significantly affect the District's operations. District management does not expect the relationship with the two customers to change in the near future.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- In October, management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1.
- The operating budget includes proposed expenditures and the means of financing them.
- Prior to December 31, the budget is legally enacted through passage of a resolution.

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets and Budgetary Accounting (Continued)

- Management is authorized to transfer budgeted amounts between departments within the fund. However, any revisions that alter the total expenditures of the fund must be approved by the Board of Directors.
- The budget is legally adopted by the District. The budget is adopted on a non-GAAP budgetary basis. Capital outlay and long-term debt principal payments are budgeted as expenditures, and depreciation, and amortization of debt issue costs are not budgeted. Deferred revenues are reported as revenue for budgetary presentation.
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

NOTE 3: CASH AND INVESTMENTS

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

Petty Cash	\$	500
Cash Deposits		7,058,009
Investments		<u>4,877,900</u>
Total		<u>\$11,936,409</u>

Cash and Investments are reported in the financial statements as follows:

Cash and Cash Equivalents	\$	617,110
Investments		6,863,430
Restricted Cash and Cash Equivalents		306,367
Restricted Investments		<u>4,149,502</u>
Total		<u>\$11,936,409</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023, the District had deposits totaling \$7,210,769

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits

of which \$738,605 were FDIC insured and \$6,472,164 were collateralized with securities held by the financial institutions' agents but not in their name.

Investments

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

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

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

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

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

	<u>Maturity</u>	<u>2023</u>
Colorado Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 days	\$ 2,657,827
COLOTRUST-EDGE	Weighted Average 6-12 months	<u>2,220,073</u>
Total		<u>\$ 4,877,900</u>

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

The District invested in the Colorado Government Liquid Asset Trust (COLOTRUST) (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1, except for COLOTRUST EDGE, which strives to obtain a net asset value of \$10/share. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+ and COLOTRUST EDGE. The portfolios may invest in U.S. Treasury and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ and COLOTRUST EDGE may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the 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. COLOTRUST PLUS+ is rated AAA by Standard and Poor's. COLOTRUST EDGE is rated AA+ by FitchRatings. COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted Cash and Investments

Restricted cash and investments consist of amounts for operating and maintenance reserves, future system improvements and debt service reserves as required by the District's capital replacement policies, loans and revenue bonds.

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FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4: CAPITAL ASSETS

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

	Balances 12/31/2022	Additions	Deletions	Balances 12/31/2023
Capital Assets, not being depreciated				
Land, Rights of Way and Water Rights	\$ 1,050,944	\$ -	\$ -	\$ 1,050,944
Construction in Progress	465,514	2,739,087	-	3,204,601
Total Capital Assets, not being depreciated	<u>1,516,458</u>	<u>2,739,087</u>	<u>-</u>	<u>4,255,545</u>
Capital Assets, being depreciated				
Transmission System	27,039,221	793,596	99,676	27,733,141
Treatment Plant	13,842,694	105,352	-	13,948,046
Buildings and Improvements	5,374,750	61,707	-	5,436,457
Transportation Equipment	515,215	151,649	-	666,864
Equipment	2,009,833	165,620	-	2,175,453
Total Capital Assets, being depreciated	<u>48,781,713</u>	<u>1,277,924</u>	<u>99,676</u>	<u>49,959,961</u>
Less accumulated depreciation				
Transmission System	(16,637,355)	(511,210)	(99,676)	(17,048,889)
Treatment Plant	(13,817,532)	(37,990)	-	(13,855,522)
Buildings and Improvements	(3,617,836)	(108,919)	-	(3,726,755)
Transportation Equipment	(455,051)	(83,713)	-	(538,764)
Equipment	(594,866)	(38,069)	-	(632,935)
Total accumulated depreciation	<u>(35,122,640)</u>	<u>(779,901)</u>	<u>(99,676)</u>	<u>(35,802,865)</u>
Total Capital Assets, being depreciated, net	<u>13,659,073</u>	<u>498,023</u>	<u>-</u>	<u>14,157,096</u>
Total Capital Assets, net	<u>\$ 15,175,531</u>	<u>\$ 3,237,110</u>	<u>\$ -</u>	<u>\$ 18,412,641</u>

NOTE 5: LONG-TERM DEBT

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

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023	Due Within One Year
Refunding Revenue Bonds, Series 2020A	\$ 400,000	\$ -	\$ 25,000	\$ 375,000	\$ 25,000
Refunding Revenue Bonds, Series 2020B	345,000	-	15,000	330,000	15,000
Bond Premium	46,586	-	2,899	43,687	-
	<u>791,586</u>	<u>-</u>	<u>42,899</u>	<u>748,687</u>	<u>40,000</u>
Compensated Absences Payable	152,350	20,719	-	173,069	173,069
Total	<u>\$ 943,936</u>	<u>\$ 20,719</u>	<u>\$ 42,899</u>	<u>\$ 921,756</u>	<u>\$ 213,069</u>

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 5: LONG-TERM DEBT (Continued)

On January 7, 2020, the District refunded the Series 1999A Wastewater Enterprise Revenue Bonds with the issuance of \$465,000 Series 2020A Wastewater Revenue Refunding Bonds. The bond proceeds were used to refund and pay-off the 1999A Wastewater Enterprise Revenue Bonds and establish the debt service reserve. This refunding resulted in a net present value savings of interest in the amount of \$107,477. Principal payments are due annually on June 1, and interest payments are due semi-annually on June 1 and December 1, through June 1 2036. Interest accrues between 2.25% and 4.00%.

On January 7, 2020, the District refunded the Series 2003A Wastewater Enterprise Revenue Bonds with the issuance of \$385,000 Series 2020B Wastewater Revenue Refunding Bonds. The bonds proceeds were used to refund and pay-off the 2003A Wastewater Enterprise Revenue Bonds and establish the debt service reserve. This refunding resulted in a net present value savings of interest in the amount of \$61,044. Principal payments are due annually on June 1, and interest payments are due semi-annually on June 1 and December 1, through June 1 2041. Interest accrues between 2.25% and 4.00%.

Pledged Revenues - These loans and revenue bonds are payable solely from revenues of the District's sewer system after deducting operating and maintenance costs, excluding depreciation. During the year ended December 31, 2023, net revenues of \$2,575,640 was available to pay the annual debt service of \$65,850.

Restricted Covenants - The Wastewater Enterprise Revenue Bonds' covenants require the District to maintain cash reserves for the related current and future debt service. The District had restricted cash of \$84,510 at December 31, 2023 to satisfy this requirement.

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FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 5: LONG-TERM DEBT (Continued)

Annual debt service requirements for the outstanding loans and revenue bonds at December 31, 2023 are as follows:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 40,000	\$ 24,950	\$ 64,950
2025	40,000	24,050	64,050
2026	40,000	23,150	63,150
2027	40,000	17,250	57,250
2028	40,000	21,000	61,000
2029 - 2033	225,000	79,300	304,300
2034 - 2038	205,000	31,300	236,300
2039 - 2041	75,000	4,500	79,500
	<u>\$ 705,000</u>	<u>\$ 225,500</u>	<u>\$ 930,500</u>

NOTE 6: RETIREMENT COMMITMENTS

Multiple-Employer Defined Benefit Pension Plan

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

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

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: RETIREMENT COMMITMENTS (Continued)

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

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit are generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of the 1.00% AI cap or the average CPI for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified C.R.S. § 24-51-413.

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

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

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6: RETIREMENT COMMITMENTS (Continued)

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

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

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

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	January 1, 2022 through June 30, 2022	July 1, 2022 through December 31, 2022	January 1, 2023 through June 30, 2023	July 1, 2023 through December 31, 2023
Employer Contribution Rate	10.50%	11.00%	11.00%	11.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount Apportioned to the SCHDTF	9.48%	9.98%	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-1411	2.20%	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-1411	1.50%	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. 24-51-415	0.03%	0.03%	0.06%	0.06%
Total Employer Contribution Rate to the LGDTF	<u>13.21%</u>	<u>13.71%</u>	<u>13.74%</u>	<u>13.74%</u>

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$296,993 for the year ended December 31, 2023.

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

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

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: RETIREMENT COMMITMENTS (Continued)

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

At December 31, 2023 the District reported a liability of \$2,868,346 for its proportionate share of the net pension liability.

At December 31, 2022, the District's proportion was .286101%, which was a decrease of .012843% from its proportion measured as of December 31, 2021. For the year ended December 31, 2023, the District recognized pension expense of \$552,575. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (7,770)
Net difference between projected and actual earnings on pension plan investments	936,797	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,114	(60,334)
Contributions subsequent to the measurement date	298,030	-
Total	<u>\$ 1,235,941</u>	<u>\$ (68,104)</u>

\$298,030 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,

2024	\$ 178,084
2025	223,325
2026	234,199
2027	234,199

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

Actuarial cost method	Entry age
Price inflation:	2.30%
Real wage growth:	0.70%
Wage inflation:	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20% – 11.30%

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: RETIREMENT COMMITMENTS (Continued)

State Troopers	3.20% – 12.40%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation:	7.25%
Discount rate:	7.25%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07:	1.00% compounded annually
PERA Benefit Structure hired after 12/31/06 ⁽¹⁾ :	Financed by the AIR

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

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

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

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

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

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

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

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: RETIREMENT COMMITMENTS (Continued)

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

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

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

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

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

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

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

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: RETIREMENT COMMITMENTS (Continued)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ⁽¹⁾	6.00%	4.70%
Total	100.00%	

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 202 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: RETIREMENT COMMITMENTS (Continued)

contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate Share of Net Pension Liability	<u>\$ 4,815,231</u>	<u>\$ 2,868,346</u>	<u>\$ 1,238,481</u>

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.

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: RETIREMENT COMMITMENTS (Continued)

Defined Contribution Pension Plan

Voluntary Investment Program – PERAPlus 401(k) Plan

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

Funding Policy. The PERAPlus 401(k) Plan is funded by voluntary contributions up to the maximum limits set by the IRS, as established under Title 24, Article 51, Section 1402, of the CRS, as amended. The District does not make contributions to the 401(k) Plan. For the year ended December 31, 2023, program members contributed \$58,469.

Deferred Compensation Plan (PERAPlus 457 Plan)

Plan Description. Employees of the District may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16, of the CRS, as amended, assigns the authority to establish the Plan provision to the PERA Board of Trustees. PERA issue a publicly available ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 457 Plan is funded by voluntary contributions up to the maximum limits set by the IRS, as established under Title 24, Article 51, Section 1603, of the CRS, as amended. The District does not make contributions to the PERAPlus 457 Plan. For the year ended December 31, 2023, program members contributed \$51,801.

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies.

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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 one or more of the four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated to the. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$23,895 for the year ended December 31, 2022.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At December 31 2023, the District reported a liability of \$188,489 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The District's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District's proportion was 0.023086%, which was a decrease of 0.000244% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the District recognized OPEB income of \$18,968. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20	\$ (38,278)
Net difference between projected and actual earnings on pension plan investments	9,212	-
Changes of assumptions or other inputs	2,545	(17,469)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	11,621	(3,680)
Contributions subsequent to the measurement date	23,959	-
Total	<u>\$ 47,357</u>	<u>\$ (59,427)</u>

\$23,852 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,

2024	\$ (5,337)
2025	(5,599)
2026	(4,992)
2027	(7,149)
2028	(10,416)
2029	(2,536)

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FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			6.50% in 2022, gradually decreasing to 4.50% in 2030	
Medicare Part A premiums			3.75% in 2022, gradually increasing to 4.50% in 2029	

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

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Age-Related Morbidity Assumptions

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

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

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

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

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FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

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

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

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

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

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

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

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

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

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives (1)	6.00%	4.70%
Total	<u>100.00%</u>	

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERA Care Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 218,514	\$ 188,489	\$ 162,807

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

- In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

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FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of Net OPEB Liability	\$ 183,154	\$ 188,489	\$ 194,294

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 8: RISK MANAGEMENT

Public Entity Risk Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets. The District plans to provide for or restore the economic damages of those losses through risk transfer. The District participates in the Colorado Special Districts Property and Liability Pool and Worker’s Compensation Pool (the “Pool”).

The purposes of the Pool are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverages at reasonable costs.

All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members. The Pool is a separate legal entity and the District does not approve budgets nor does it have the ability to significantly affect the operations of the Pool.

FREMONT SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District has made certain interpretations of the Amendment's language in order to determine compliance.

The District's management believes a significant portion of its operations qualifies for the "enterprise" exclusion allowed by the Amendment. The District believes it is in compliance with the requirements of the Amendment.

The District has established an emergency reserve, representing 3% of fiscal year spending, as required by the Amendment. At December 31, 2023, the emergency reserve of \$245,000, was reported as a restriction of net position in the statement of net position.

REQUIRED SUPPLEMENTARY INFORMATION

FREMONT SANITATION DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PERA Local Government Division Trust Fund Pension Plan
 Last Ten Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability	0.28610%	0.30006%	0.29894%	0.28374%	0.28408%	0.28190%	0.29288%	0.30050%	0.30468%	0.30075%
Proportionate Share of the Net Pension Liability(Asset)	\$ 2,868,346	\$ (257,261)	\$ 1,557,883	\$ 2,075,263	\$ 3,571,546	\$ 3,138,725	\$ 3,954,880	\$ 3,310,276	\$ 2,730,889	\$ 2,474,929
Total Covered Payroll	\$ 2,342,643	\$ 2,232,697	\$ 2,110,321	\$ 1,953,983	\$ 1,860,505	\$ 1,775,223	\$ 1,709,483	\$ 1,706,616	\$ 1,669,095	\$ 1,594,155
Proportionate Share of Net Pension Liability as a Percentage of Its Covered Employee Payroll	122.44%	-11.52%	73.82%	106.21%	191.97%	176.81%	231.35%	193.97%	163.61%	155.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.99%	101.49%	90.88%	86.26%	75.96%	79.37%	73.65%	76.87%	80.72%	77.66%
Total Pension Liability	\$ 5,895,159,000	\$ 5,758,380,000	\$ 5,715,765,000	\$ 5,324,353,000	\$ 5,228,602,000	\$ 5,396,516,000	\$ 5,123,847,000	\$ 4,762,090,000	\$ 4,647,777,000	\$ 4,517,239,000
Plan Fiduciary Net Position	4,892,596,000	5,844,117,000	5,194,638,000	4,592,962,000	3,971,389,000	4,283,086,000	3,773,506,000	3,660,509,000	3,751,468,000	3,508,312,000
Net Pension Liability(Asset)	\$ 1,002,563,000	\$ (85,737,000)	\$ 521,127,000	\$ 731,391,000	\$ 1,257,213,000	\$ 1,113,430,000	\$ 1,350,341,000	\$ 1,101,581,000	\$ 896,309,000	\$ 1,008,927,000

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

FREMONT SANITATION DISTRICT
 SCHEDULE OF PENSION CONTRIBUTIONS
 PERA Pension Plan
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 315,300	\$ 294,716	\$ 272,884	\$ 247,765	\$ 236,265	\$ 235,912	\$ 225,098	\$ 216,763	\$ 216,399	\$ 211,695
Contributions in Relation to the Contractually Required Contribution	315,300	294,716	272,884	247,765	236,265	235,912	225,098	216,763	216,399	211,695
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Covered Payroll	\$ 2,342,643	\$ 2,232,697	\$ 2,110,321	\$ 1,953,983	\$ 1,863,290	\$ 1,860,505	\$ 1,775,223	\$ 1,709,483	\$ 1,706,616	\$ 1,669,095
Contributions as a Percentage of Total Covered Payroll	13.46%	13.20%	12.93%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

Fremont Sanitation District

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OTHER POST EMPLOYMENT BENEFIT LIABILITY

PERA HCTF OPEB Plan
Last Ten Years*

	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.023086%	0.023326%	0.022821%	0.021731%	0.022031%	0.021905%	0.022483%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 188,489	\$ 201,139	\$ 216,847	\$ 244,259	\$ 299,738	\$ 284,674	\$ 291,494
Total Covered Payroll	\$ 2,342,643	\$ 2,232,697	\$ 2,110,321	\$ 1,953,983	\$ 1,863,290	\$ 1,858,345	\$ 1,778,326
Proportionate Share of Net OPEB Liability as a Percentage of its Covered Employee Payroll	8.05%	9.01%	10.28%	12.50%	16.09%	15.32%	16.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	38.57%	39.40%	32.78%	17.03%	17.03%	17.53%	16.72%
Total OPEB Liability	\$ 1,329,183,000	\$ 1,423,054,000	\$ 1,413,526,000	\$ 1,639,734,000	\$ 1,639,734,000	\$ 1,575,822,000	\$ 1,556,762,000
Plan Fiduciary Net Position	512,704,000	560,749,000	463,301,000	279,192,000	279,192,000	276,222,000	260,228,000
Net OPEB Liability	\$ 816,479,000	\$ 862,305,000	\$ 950,225,000	\$ 1,360,542,000	\$ 1,360,542,000	\$ 1,299,600,000	\$ 1,296,534,000

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

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

Fremont Sanitation District

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

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	23,895	22,750	21,525	19,931	19,006	18,955	18,139
Contributions in Relation to the Contractually Required Contribution	23,895	22,750	21,525	19,931	19,006	18,955	18,139
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Covered Payroll	2,342,643	2,232,697	2,110,321	1,953,983	1,863,290	1,858,345	1,778,326
Contributions as a Percentage of Total Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

SUPPLEMENTARY INFORMATION

FREMONT SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - (Non-GAAP BASIS)
WITH RECONCILIATION TO GAAP BASIS

Year Ended December 31, 2023

(With Comparative Actual Totals for the Year Ended December 31, 2022)

	2023		VARIANCE Positive (Negative)	2022
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
REVENUES				
Operating				
Sewer Service Charges	\$ 6,829,685	\$ 7,465,802	\$ 636,117	\$ 6,899,132
Miscellaneous	60,600	44,058	(16,542)	40,915
Non-Operating				
Capital Grants	626,335	401,334	(225,001)	412,546
Investment Income	90,505	419,312	328,807	95,038
System Development Fees	265,500	226,890	(38,610)	486,775
PERA Pension Income Adjustment	-	-	-	1,135,362
Health Reinsurance Pool Reimbursement	29,410	-	(29,410)	-
Reserves	3,204,440	-	(3,204,440)	-
TOTAL REVENUES	11,106,475	8,557,396	(2,549,079)	9,069,768
EXPENDITURES				
Plant Operations				
Construction				
Personnel Services	512,857	589,363	(76,506)	477,747
Operating Expenses	105,755	82,763	22,992	86,972
Capital Outlay	866,500	557,246	309,254	534,220
Total Construction	1,485,112	1,229,372	255,740	1,098,939
Transmission				
Personnel Services	668,960	762,614	(93,654)	604,266
Operating Expenses	151,435	50,493	100,942	37,478
Capital Outlay	308,750	397,815	(89,065)	37,315
Total Transmission	1,129,145	1,210,922	(81,777)	679,059
Treatment Plant				
Personnel Services	813,653	883,159	(69,506)	761,897
Operating Expenses	3,320,522	138,046	3,182,476	275,358
Capital Outlay	750,000	2,541,236	(1,791,236)	308,959
Total Treatment Plant	4,884,175	3,562,441	1,321,734	1,346,214
Solids Processing				
Operating Expenses	154,210	142,474	11,736	97,744
Total Solids Processing	154,210	142,474	11,736	97,744
Laboratory				
Personnel Services	114,086	129,852	(15,766)	107,236
Operating Expenses	36,639	32,183	4,456	31,647
Capital Outlay	-	-	-	6,326
Total Laboratory	150,725	162,035	(11,310)	145,209
Pretreatment				
Personnel Services	114,016	123,696	(9,680)	105,571
Operating Expenses	41,504	27,979	13,525	29,336
Capital Outlay	-	-	-	9,773
Total Pretreatment	\$ 155,520	\$ 151,675	\$ 3,845	\$ 144,680

(Continued)

See the accompanying Independent Auditor's Report.

FREMONT SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - (Non-GAAP BASIS)
WITH RECONCILIATION TO GAAP BASIS

Year Ended December 31, 2023

(With Comparative Actual Totals for the Year Ended December 31, 2022)

	2023		VARIANCE Positive (Negative)	2022
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
EXPENDITURES (Continued)				
Plant Operations (Continued)				
Engineering				
Personnel Services	\$ 409,996	\$ 349,046	\$ 60,950	\$ 360,732
Operating Expenses	11,205	4,434	6,771	6,060
Total Engineering	<u>421,201</u>	<u>353,480</u>	<u>67,721</u>	<u>366,792</u>
Total Plant Operations	<u>8,380,088</u>	<u>6,812,399</u>	<u>1,567,689</u>	<u>3,878,637</u>
Administration				
Buildings and Grounds - Plant				
Operating Expenses	541,588	483,896	57,692	487,202
Operating Expenses	-	5,787	(5,787)	-
Total Building and Grounds - Plant	<u>541,588</u>	<u>489,683</u>	<u>51,905</u>	<u>487,202</u>
Buildings and Grounds - Service Center				
Personnel Services	115,912	117,306	(1,394)	101,659
Operating Expenses	119,767	54,175	65,592	110,915
Capital Outlay	-	50,820	(50,820)	-
Total Buildings and Grounds - Service Center	<u>235,679</u>	<u>222,301</u>	<u>13,378</u>	<u>212,574</u>
Board Services				
Personnel Services	13,084	13,518	(434)	9,750
Operating Expenses	13,500	7,177	6,323	6,206
Total Board Services	<u>26,584</u>	<u>20,695</u>	<u>5,889</u>	<u>15,956</u>
Finance				
Personnel Services	435,991	488,505	(52,514)	424,041
Operating Expenses	351,608	319,219	32,389	250,690
Total Finance	<u>787,599</u>	<u>807,724</u>	<u>(20,125)</u>	<u>674,731</u>
District Management				
Personnel Services	218,771	264,291	(45,520)	203,079
Operating Expenses	21,505	20,221	1,284	15,905
Total District Management	<u>240,276</u>	<u>284,512</u>	<u>(44,236)</u>	<u>218,984</u>
Information Technology				
Personnel Services	136,476	155,945	(19,469)	123,752
Operating Expenses	216,735	190,822	25,913	205,967
Capital Outlay	-	5,100	(5,100)	6,709
Total Information Technology	<u>353,211</u>	<u>351,867</u>	<u>1,344</u>	<u>336,428</u>
Total Administration	<u>2,184,937</u>	<u>2,176,782</u>	<u>8,155</u>	<u>1,945,875</u>

(Continued)

See the accompanying Independent Auditor's Report.

FREMONT SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - (Non-GAAP BASIS)
WITH RECONCILIATION TO GAAP BASIS

Year Ended December 31, 2023

(With Comparative Actual Totals for the Year Ended December 31, 2022)

	2023		VARIANCE Positive (Negative)	2022
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
Debt Service				
Principal Payments	\$ 76,012	\$ 40,000	\$ 36,012	\$ 40,000
Interest and Fiscal Charges	29,939	26,236	3,703	31,367
Total Debt Service	<u>105,951</u>	<u>66,236</u>	<u>39,715</u>	<u>71,367</u>
Capital Reserves				
Capital Outlay	170,000	-	170,000	-
TOTAL EXPENDITURES	<u>10,840,976</u>	<u>9,055,417</u>	<u>1,785,559</u>	<u>5,895,879</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ 265,499</u>	(498,021)	<u>\$ (763,520)</u>	3,173,889
ADJUSTMENTS TO GAAP BASIS				
Unearned Revenue:				
Sewer Service Charges - Prior Year		470,889		449,646
Sewer Service Charges - Current Year		(495,354)		(470,889)
Capital Outlay		3,558,004		746,220
Depreciation		(779,901)		(713,718)
Bond Premium Amortization		2,899		2,898
Principal Payments on Long-term Debt		40,000		40,000
Contributed Lines and Mains - Developer		459,008		84,264
Gain (Loss) on Disposal of Capital Assets		41,269		-
CHANGE IN NET POSITION, GAAP Basis		2,798,793		3,312,310
NET POSITION, Beginning		<u>24,797,848</u>		<u>21,485,538</u>
NET POSITION, Ending		<u>\$ 27,596,641</u>		<u>\$ 24,797,848</u>

See the accompanying Independent Auditor's Report.