

MEEKER SANITATION DISTRICT

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT DISCUSSION & ANALYSIS	3-7
FINANCIAL STATEMENTS	
Statement of Net Position – Primary Government	10
Statement of Activities	11-12
Balance Sheet – Governmental Funds	13
Reconciliation of Governmental Fund Balances to Net Position - Governmental Activities	14
Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Funds	15
Reconciliation of Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Notes to Financial Statements	21-45
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	47-48
Schedule of the District’s Proportionate Share of the Net Pension Liability	49
Schedule of the District Contributions – PERA Pension Plan	50
Schedule of the District’s Proportionate Share of the Net OPEB Liability	51
Schedule of District Contributions – PERA OPEB Plan	52
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Water Activity Enterprise Fund	55-56



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Meeker Sanitation District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Meeker Sanitation District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Meeker Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Meeker Sanitation District, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Meeker Sanitation District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Meeker Sanitation 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Meeker Office

685 Main St, Suite 2, PO Box 1109, Meeker, CO 81641

☎ : 970-878-5219

✉ : 970-878-3210 ✉ : rangely@colocpa.com

Rangely Office

118 W Main St, PO Box 770, Rangely, CO 81648

☎ : 970-675-2222

☎ : 970-675-2220 ✉ : rangely@colocpa.com

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District Contributions – PERA Pension Plan, Schedule of the District's Proportionate Share of the Net OPEB Liability, Schedule of District Contributions – PERA OPEB Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedule – Water Activity Enterprise Fund but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Calo CPA Services, PC

Rangely, Colorado
June 26, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the Meeker Sanitation District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$6,034,905 at December 31, 2023.
- Total District's cash and investments increased by \$188,734 or 15% from 2022.
- The December 31, 2023, General Fund balance is \$22,677 less than the previous year. The total General Fund balance is 396% of 2023 General fund operating expenditures.

USING THIS ANNUAL REPORT

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and longer-term view of those assets. The Statement of Activities show a net (expense) revenue and changes in net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those assets. This change in assets is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District tax base and the condition of the District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, the District's activities are reported as Governmental Activities or Business-type Activities.

Fund Financial Statements

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar

information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds. Proprietary funds are reported in the fund financial statements and generally report services for which customers are charged a fee. The District uses an enterprise fund which essentially encompasses the same functions report as business-type activities in the government-wide statements. Services are provided to a customer external to the District's organization which is waste water services to the Town of Meeker, Colorado and surrounding areas.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for the major enterprise fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 45 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for the General and Water Activity Funds. A budgetary comparison statement has been provided for the General Fund on page 47 through 48 and for the Water Activity Fund on page 55 through 56 of this report.

REPORTING THE DISTRICT AS A WHOLE

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2022 and 2023.

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Assets						
Current and other assets	\$ 1,354,544	\$ 1,308,273	\$ 216,485	\$ 770,524	\$ 1,571,029	\$ 2,078,797
Capital assets	27,304	21,734	4,980,634	4,779,345	5,007,938	4,801,079
Total assets	<u>1,381,848</u>	<u>1,330,007</u>	<u>5,197,119</u>	<u>5,549,869</u>	<u>6,578,967</u>	<u>6,879,876</u>
Deferred Outflows	<u>48,227</u>	<u>166,868</u>	-	-	<u>48,227</u>	<u>166,868</u>
Liabilities						
Current and other liabilities	10,226	10,979	34,899	40,672	45,125	51,651
Long-term liabilities	<u>29,623</u>	<u>398,457</u>	<u>44,439</u>	<u>333,916</u>	<u>74,062</u>	<u>732,373</u>
Total liabilities	<u>39,849</u>	<u>409,436</u>	<u>79,338</u>	<u>374,588</u>	<u>119,187</u>	<u>784,024</u>
Deferred Inflows	<u>537,738</u>	<u>227,815</u>	-	-	<u>537,738</u>	<u>227,815</u>
Net Position						
Net investment in capital assets	27,304	21,734	4,936,195	4,445,429	4,963,499	4,467,163
Restricted	7,742	8,987	-	-	7,742	8,987
Unrestricted	<u>817,442</u>	<u>828,903</u>	<u>181,586</u>	<u>729,852</u>	<u>999,028</u>	<u>1,558,755</u>
Total net position	<u>\$ 852,488</u>	<u>\$ 859,624</u>	<u>\$ 5,117,781</u>	<u>\$ 5,175,281</u>	<u>\$ 5,970,269</u>	<u>\$ 6,034,905</u>

A significant portion of the District's net position represents unrestricted net position of \$1,558,755 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its net investment in capital assets. These assets include land, buildings, plant, equipment and construction in progress. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$8,987 of the District's net position represents resources that are subject to external restrictions on how they may be used. The restriction is for the TABOR emergency reserve.

The following table indicates the changes in net position for 2022 and 2023.

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Revenues						
Program revenues:						
Charges for Services	\$ -	\$ -	\$ 699,046	\$ 719,363	\$ 699,046	\$ 719,363
Capital grants and Contributions	-	-	10,000	27,130	10,000	27,130
General revenues & transfers:						
General property taxes	206,423	206,154	-	-	206,423	206,154
Specific ownership tax	8,113	7,532	-	-	8,113	7,532
Investment earnings	20,065	64,050	952	4,621	21,017	68,671
Other	23,476	21,821	2,289	9,976	25,765	31,797
Transfers in (out)	(5,136,049)	(50,076)	5,136,049	50,076	-	-
Total revenues	(4,877,972)	249,481	5,848,336	811,166	970,364	1,060,647
Expenses:						
General	153,178	242,345	-	-	153,178	242,345
Water Activity	-	-	730,555	803,675	730,555	803,675
Total expenses	153,178	242,345	730,555	803,675	883,733	1,046,020
Prior period adjustment	-	-	-	50,009	-	50,009
Increase (decrease) in net position	<u>\$(5,031,150)</u>	<u>\$ 7,136</u>	<u>\$ 5,117,781</u>	<u>\$ 57,500</u>	<u>\$ 86,631</u>	<u>\$ 64,636</u>

Governmental Activities. Governmental activities increased the District's net position by \$7,136 in 2023. Key elements of this increase are as follows:

Revenues exceeded transfers out and expenses and was the main contributor to the decrease in net position.

Business-type Activities. Business-type activities increased the District's net position by \$57,500 in 2023. Key elements of this increase are as follows:

A prior period adjustment was made increasing the net position was the main contributor to the increase in net position.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

Governmental Funds. Information about the District's governmental funds begins on page 13. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2023, the total fund balance of the District's governmental funds were \$1,080,022. Approximately 99% of this consists of unreserved fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of the fund equity is reserved to indicate that it is not available for new spending because it is committed for the following purpose: (1) a State-Constitution mandated emergency reserve (\$8,987). The District had governmental revenues of \$299,557, expenditures of \$272,158, and transfers out of \$50,076.

Proprietary Funds. Information about the District's proprietary funds begins on page 17. These funds are accounted for using the accrual basis of accounting.

As of December 31, 2023, the total net position of the District's proprietary funds were \$5,175,281. Approximately 14% of this consists of unrestricted net position, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of the net position are restricted to indicate that it is not available for new spending because it is committed for the following purpose: (1) net investment in capital assets (\$4,445,429). The District had proprietary operating revenues of \$719,363, expenses of \$803,228, non-operating revenues of \$14,597, capital grants of \$27,130, transfers in of \$50,076, and non-operating expenses of \$447.

BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes.

2023 General Fund Budget

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 1,056,011	\$ -	\$ 1,056,011	\$ 1,102,699
Revenue and other financing sources	256,952	-	256,952	299,557
Expenditures and other financing uses	(279,825)	-	(279,825)	(322,234)
Ending Fund Balance	<u>\$ 1,033,138</u>	<u>\$ -</u>	<u>\$ 1,033,138</u>	<u>\$ 1,080,022</u>

Actual revenue and other financing sources were \$42,605 more than budgeted revenue and other financing sources. Interest income was \$46,050 more than budgeted and was the main contributor of the difference.

Actual expenditures and other financing uses were \$42,409 more than budgeted expenditures and other financing uses. Transfers out were \$50,076 more than budgeted and was the main contributor for the difference.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's net investment in capital assets for its governmental type and business-type activities as of December 31, 2023 totaled \$4,467,163 (net of accumulated depreciation and related debt). This investment includes all land, buildings, plant, equipment, and construction in progress. The total decrease in investment in capital assets for the current year was \$496,336 or 10%.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

Long-term Debt. During the year ended December 31, 2023, the District had a long-term loan payable of \$333,916 for the Water Activity Enterprise Fund.

Additional information on the District's debt can be found in Note 11.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2024 budget:

- Anticipated request of remaining funds from a SRF loan.
- Anticipated increase in property taxes received.
- Capital improvements of \$1,472,766 of the wastewater treatment facility.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, P.O. Box 417, Meeker, CO 81641.

FINANCIAL STATEMENTS

PAGE INTENTIONALLY LEFT BLANK

MEEKER SANITATION DISTRICT

STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,064,740	\$ 173,702	\$ 1,238,442
Accounts receivable	-	8,635	8,635
Other Receivable	7,433	333,192	340,625
Property taxes receivable	217,272	-	217,272
Prepaid expenses	18,828	48,357	67,185
Restricted cash and investments	-	206,638	206,638
Capital assets, nondepreciable	10,000	355,195	365,195
Capital assets, net	<u>11,734</u>	<u>4,424,150</u>	<u>4,435,884</u>
TOTAL ASSETS	<u>1,330,007</u>	<u>5,549,869</u>	<u>6,879,876</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	165,922	-	165,922
Deferred outflows related to OPEB	946	-	946
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>166,868</u>	<u>-</u>	<u>166,868</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,496,875</u>	<u>5,549,869</u>	<u>7,046,744</u>
LIABILITIES			
Accounts payable	5,251	21,885	27,136
Prepaid revenues	-	9,134	9,134
Employee compensated absences	5,728	9,653	15,381
Noncurrent liabilities			
Due in more than one year	-	333,916	333,916
Net pension liability	373,890	-	373,890
Net OPEB liability	<u>24,567</u>	<u>-</u>	<u>24,567</u>
TOTAL LIABILITIES	<u>409,436</u>	<u>374,588</u>	<u>784,024</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	217,272	-	217,272
Deferred inflows related to pensions	1,864	-	1,864
Deferred inflows related to OPEB	<u>8,679</u>	<u>-</u>	<u>8,679</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>227,815</u>	<u>-</u>	<u>227,815</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>637,251</u>	<u>374,588</u>	<u>1,011,839</u>
NET POSITION			
Net investment in capital assets	21,734	4,445,429	4,467,163
Restricted for Tabor emergencies	8,987	-	8,987
Unrestricted	<u>828,903</u>	<u>729,852</u>	<u>1,558,755</u>
TOTAL NET POSITION	<u>\$ 859,624</u>	<u>\$ 5,175,281</u>	<u>\$ 6,034,905</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER SANITATION DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
FUNCTIONS/PROGRAMS			
Primary government			
Governmental activities			
General government	\$ 242,345	\$ -	\$ -
	242,345	-	-
TOTAL GOVERNMENTAL ACTIVITIES			
Business-type activities			
Water Activity	803,675	719,363	-
	803,675	719,363	-
TOTAL BUSINESS-TYPE ACTIVITIES			
	803,675	719,363	-
TOTAL PRIMARY GOVERNMENT	\$ 1,046,020	\$ 719,363	\$ -

General revenues
Taxes
 Property taxes
 Specific ownership tax
Unrestricted investment earnings
Miscellaneous
Transfers in (out)

Total general revenues and transfers

Changes in net position

Net position - beginning
 Prior period adjustment

Net position - ending

Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (242,345)	\$ -	\$ (242,345)
-	(242,345)	-	(242,345)
27,130	-	(57,182)	(57,182)
27,130	-	(57,182)	(57,182)
<u>\$ 27,130</u>	<u>(242,345)</u>	<u>(57,182)</u>	<u>(299,527)</u>
	206,154	-	206,154
	7,532	-	7,532
	64,050	4,621	68,671
	21,821	9,976	31,797
	(50,076)	50,076	-
	<u>249,481</u>	<u>64,673</u>	<u>314,154</u>
	7,136	7,491	14,627
	852,488	5,117,781	5,970,269
	-	50,009	50,009
	<u>\$ 859,624</u>	<u>\$ 5,175,281</u>	<u>\$ 6,034,905</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER SANITATION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2023

	<u>ASSETS</u>	<u>General</u>
Cash and cash equivalents		\$ 1,064,740
Other receivables		7,433
Property taxes receivable		217,272
Prepaid expenses		<u>18,828</u>
	TOTAL ASSETS	<u>1,308,273</u>
	<u>LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</u>	
LIABILITIES		
Accounts payable		5,251
Employee compensated absences		<u>5,728</u>
	TOTAL LIABILITIES	<u>10,979</u>
DEFERRED INFLOWS		
Unearned revenue - property taxes		<u>217,272</u>
	TOTAL DEFERRED INFLOWS	<u>217,272</u>
FUND EQUITY		
Restricted for Tabor emergencies		8,987
Unassigned		<u>1,071,035</u>
	TOTAL FUND EQUITY	<u>1,080,022</u>
	TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	<u>\$ 1,308,273</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER SANITATION DISTRICT

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2023

Balance sheet - total fund balances		\$ 1,080,022
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.		21,734
Long-term assets and liabilities, including net pension liabilities and OPEB liabilities, are not due and payable, or receivable in the current period and, therefore, are not reported in the funds.		(398,457)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	165,922	
Deferred outflows of resources related to OPEB	946	
Deferred inflows of resources related to pensions	(1,864)	
Deferred inflows of resources related to OPEB	<u>(8,679)</u>	
Net deferred outflows (inflows)		<u>156,325</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 859,624</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	<u>General</u>
REVENUES	
Taxes	\$ 213,686
Interest income	64,050
Miscellaneous	<u>21,821</u>
TOTAL REVENUES	<u>299,557</u>
EXPENDITURES	
Directors' fees	4,500
Office salaries	92,185
Employee benefits	91,117
Professional services	36,414
Insurance	2,279
Office supplies	20,033
Telephone	3,387
Utilities	2,109
Miscellaneous	9,889
Treasurer's fee	<u>10,245</u>
TOTAL EXPENDITURES	<u>272,158</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>27,399</u>
OTHER FINANCING SOURCES (USES)	
Transfers in (out)	<u>(50,076)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,076)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>(22,677)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>1,102,699</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,080,022</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER SANITATION DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds	\$ (22,677)
Amounts reported for governmental activities in the statement of net activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$5,569) is more than capital outlays (\$0) in the current period.	(5,569)
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension income (expense).	31,228
Governmental funds recognize District OPEB contributions as expenditures at the time of payment whereas the statement of activities factors in items related to OPEB on a full accrual perspective.	<u>4,154</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,136</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER SANITATION DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2023

	<u>Enterprise Funds</u>
	<u>Water Activity</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 173,702
Accounts receivable	8,635
Other receivable	333,192
Prepaid expenses	48,357
Restricted cash and investments	<u>206,638</u>
TOTAL CURRENT ASSETS	<u>770,524</u>
Property, plant, and equipment, net	<u>4,779,345</u>
TOTAL ASSETS	<u>5,549,869</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	21,885
Prepaid revenues	9,134
Employee compensated absences	<u>9,653</u>
TOTAL CURRENT LIABILITIES	<u>40,672</u>
LONG-TERM LIABILITIES	
Loan payable	<u>333,916</u>
TOTAL LONG-TERM LIABILITIES	<u>333,916</u>
TOTAL LIABILITIES	<u>374,588</u>
NET POSITION	
Net investment in capital assets	4,445,429
Unrestricted	<u>729,852</u>
TOTAL NET POSITION	<u>\$ 5,175,281</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	<u>Enterprise Funds</u>
	<u>Water Activity</u>
OPERATING REVENUE	
Sewer service	\$ 719,363
TOTAL OPERATING REVENUE	<u>719,363</u>
OPERATING EXPENSES	
Salaries and wages	198,283
Employee benefits	143,570
Professional services	7,364
Utilities	93,340
Insurance	29,401
Vehicle operation and repair	13,274
Plant chemicals and supplies	2,468
Repairs and maintenance	40,615
Miscellaneous	35,685
Depreciation	<u>239,228</u>
TOTAL OPERATING EXPENSES	<u>803,228</u>
OPERATING INCOME (LOSS)	<u>(83,865)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	4,621
Miscellaneous	9,976
Interest expense	<u>(447)</u>
NET NON-OPERATING REVENUES	<u>14,150</u>
INCOME BEFORE CAPITAL GRANTS AND TRANSFERS	<u>(69,715)</u>
Capital grants	27,130
Transfers in (out)	<u>50,076</u>
CHANGE IN NET POSITION	7,491
NET POSITION, BEGINNING OF YEAR	5,117,781
Prior period adjustment	<u>50,009</u>
NET POSITION, END OF YEAR	<u>\$ 5,175,281</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

MEEKER SANITATION DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2023

	<u>Enterprise Funds</u>
	<u>Water Activity</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 723,205
Cash payments to suppliers for goods and services	(222,561)
Cash payments to employees for services	<u>(341,472)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>159,172</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfer in	50,076
Miscellaneous non-operating revenue	<u>9,976</u>
NET CASH PROVIDED BY	
NON-CAPITAL FINANCING ACTIVITIES	<u>60,052</u>
 CASH FLOWS FROM CAPITAL AND	
RELATED FINANCING ACTIVITIES	
Grants	27,130
Loan proceeds	1,915
Purchase of capital assets	(32,369)
Long term debt payment - principal	(1,190)
Long term debt payment - interest	<u>(447)</u>
NET CASH (USED) BY CAPITAL AND	
RELATED FINANCING ACTIVITIES	<u>(4,961)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Net increase in restricted cash	(151,248)
Investment income	<u>4,621</u>
NET CASH PROVIDED	
(USED) BY INVESTING ACTIVITIES	<u>(146,627)</u>
 NET INCREASE (DECREASE)	
 IN CASH AND CASH EQUIVALENTS	67,636
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>106,066</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 173,702</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO	
NET CASH (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (83,865)
Adjustments to reconcile operating income (loss) to	
Net cash provided (used) by operating activities:	
Depreciation	239,228
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	3,003
Decrease (increase) in prepaids	(4,966)
Increase (decrease) in accounts payable	4,552
Increase (decrease) in prepaid revenue	839
Increase (decrease) in employee compensated absences	<u>381</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ 159,172</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Meeker Sanitation District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of the more significant policies consistently used in the preparation of the financial statements.

A. Financial Reporting Entity

An elected five member Board of Directors governs the District. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District as component units. Component units are legally separate entities for which the District is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on the District.

The District provides sewer service to the Town of Meeker, Colorado and surrounding areas.

Starting January 1, 2022, The District adopted a resolution creating two funds, the General Fund and the Water Activity Enterprise Fund.

B. Measurement focus, basis of accounting, and financial statement presentation

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to actual and so have been measurable and available only when the District received cash.

The District reports the following major governmental fund:

General Fund

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes. Expenditures include all costs associated with the daily operations of the District.

Proprietary funds distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. The District recognizes the portion of tap fees intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Measurement focus, basis of accounting, and financial statement presentation, continued

The District reports the following major proprietary fund:

Water Activity Enterprise Fund

The Water Activities Fund accounts for the operation and capital needs to provide sewer and wastewater services to customers within the boundaries of the Town of Meeker.

As a general rule, the effect of interfund activities have been eliminated from the government-wide financial statements.

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

C. Fixed Assets

Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more 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.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. In 2023 no interest was capitalized.

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Sewage Treatment	50
Sewer Collection System	50
Building	30
Equipment	5-10

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

D. Property Taxes

Property taxes are levied on December 22 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Budgets and Budgetary Accounting

The District's directors follow these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the office manager submits to the District's directors a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain the taxpayers' comments.

Prior to December 15 the budget is legally enacted through passage of a resolution.

Formal budgetary integration is employed as a management control device during the year.

The budgets for the General and Enterprise Funds are adopted on a basis which differs from GAAP in that outlays for debt retirement principal and acquisitions of fixed assets are included as expenses, and depreciation is excluded from expenses.

Appropriations lapse at the end of each calendar year.

The District's directors may authorize supplemental appropriations during the year. A supplemental appropriations was made during the year ended December 31, 2023 in the General Fund increasing appropriations by \$50,076.

F. Compensated Absences

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be taken after year-end or paid upon separation from service. A liability for accrued vacation and sick leave benefits has been recorded in the appropriate funds.

G. Cash Equivalents

For purposes of the statement of cash flows the District considers all investments in highly liquid debt instruments (including restricted assets) with a maturity of three months or less, to be cash equivalents.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Prepaid Items

Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items.

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorized the District to invest in obligation of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, Local Government, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Investments for the District are reported at market value. Investments held are as follows:

<u>December 31, 2023</u>	<u>Cost</u>	<u>Market Value</u>
COLOTRUST	<u>\$ 1,370,433</u>	<u>\$ 1,370,433</u>

Included in cash and cash equivalents are amounts held in the Colorado Local Government Liquid Asset Trust (the Trust), and investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust offer shares in three portfolios, COLOTRUST Prime, COLOTRUST Plus+, and COLOTRUST EDGE. COLOTRUST Prime and COLOTRUST Plus+ operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST EDGE is a variable NAV fund managed to approximate a \$10.00 transactional share price, calculated and publishing a fair value NAV on a daily basis. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. At December 31, 2023, the District invested \$1,370,433 in COLOTRUST Plus+. The District's investment in the COLOTRUST Plus+ is rated AAAM by S&P Global Ratings and COLOTRUST EDGE is rated AAAs/S1 by FitchRatings.

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - CASH AND INVESTMENTS, Continued

A summary of cash and investments is as follows:

Cash and cash equivalents	
Cash on hand	\$ 190
Cash with County	520
Cash deposits in bank	73,937
COLOTRUST	<u>1,163,795</u>
Total cash and cash equivalents	1,238,442
Restricted cash and investments – COLOTRUST (**)	<u>206,638</u>
Total cash and investments	<u>\$1,445,080</u>

** Board designated for sewer improvements

NOTE 3 - ACCOUNTS RECEIVABLE

Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

NOTE 4 - PROPERTY TAXES

Revenue Recognized in 2023

Local property taxes levied in 2022 and collected in 2023 are recognized as revenue in these financial statements as shown below:

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes</u>		<u>Percent Collected</u>
			<u>Levied</u>	<u>Collected</u>	
Enterprise Fund	\$ 21,510,200	9.47	\$ 203,702	\$ 204,909	100.59%

Property Taxes Receivable and Deferred Revenues

Local Property taxes levied in 2023 but not collectible until 2024 are shown as property taxes receivable and deferred revenue.

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Property Taxes Receivable</u>	<u>Deferred Revenue</u>
Enterprise Fund	\$ 22,943,240	9.47	100.0%	\$ 217,272	\$ 217,272

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 - CAPITAL ASSETS

A. Governmental Activities

A summary of changes in capital assets for the year ended December 31, 2023 is as follows:

	January 1, 2023	Additions	Deletions	December 31, 2023
Capital assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Total assets not being depreciated	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Capital assets being depreciated:				
Administration	224,162	-	-	224,162
Total assets being depreciated	<u>224,162</u>	<u>-</u>	<u>-</u>	<u>224,162</u>
Less accumulated depreciation:				
Administration	(206,858)	(5,570)	-	(212,428)
Total accumulated depreciation	<u>(206,858)</u>	<u>(5,570)</u>	<u>-</u>	<u>(212,428)</u>
Total assets being depreciated, net	<u>17,304</u>	<u>(5,570)</u>	<u>-</u>	<u>11,734</u>
Business-type activities capital assets, net	<u>\$ 27,304</u>	<u>\$ (5,570)</u>	<u>\$ -</u>	<u>\$ 21,734</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 5,570
Total depreciation expense – governmental activities	<u>\$ 5,570</u>

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 - CAPITAL ASSETS, Continued

B. Business-type Activities

A summary of changes in capital assets for the year ended December 31, 2023 is as follows:

	<u>January 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2023</u>
Capital assets not being depreciated:				
Land	\$ 255,045	\$ -	\$ -	\$ 255,045
Construction in progress	67,780	32,370	-	100,150
Total assets not being depreciated	<u>322,825</u>	<u>32,370</u>	<u>-</u>	<u>355,195</u>
Capital assets being depreciated:				
Sewage collection and treatment	11,371,198	-	(39,993)	11,331,205
Total assets being depreciated	<u>11,371,198</u>	<u>-</u>	<u>(39,993)</u>	<u>11,331,205</u>
Less accumulated depreciation:				
Sewage collection and treatment	<u>(6,707,820)</u>	<u>(239,228)</u>	<u>39,993</u>	<u>(6,907,055)</u>
Total accumulated depreciation	<u>(6,707,820)</u>	<u>(239,228)</u>	<u>39,993</u>	<u>(6,907,055)</u>
Total assets being depreciated, net	<u>4,663,378</u>	<u>(239,228)</u>	<u>-</u>	<u>4,424,150</u>
Business-type activities capital assets, net	<u>\$ 4,986,203</u>	<u>\$ (206,858)</u>	<u>\$ -</u>	<u>\$ 4,779,345</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Business-type activities:	
Water Activities	<u>\$ 239,228</u>

Total depreciation expense – business-type activities	<u>\$ 239,228</u>
---	-------------------

NOTE 6 - BUDGETARY - GAAP REPORTING RECONCILIATION

The accompanying schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis for the Enterprise Fund. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, perspective and entity differences in the revenues under expenditures for the year ended December 31, 2023, is presented as follows:

Revenues over expenses (NON-GAAP basis) (Page 56)	<u>Sanitation</u> \$ 215,075
Less	
Depreciation	(239,228)
Debt proceeds	(1,915)
Add	
Principal payments	1,190
Capital outlay	<u>32,369</u>
Revenues under expenses (GAAP basis) (Page 18)	<u>\$ 7,491</u>

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2023

NOTE 7 - DEFERRED COMPENSATION PLAN

The District has contracted for the administration of a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to the employee until termination, retirement, death or unforeseeable emergency. The assets of this plan are not in the name of the District and are not included in these financial statements.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. Meeker Sanitation 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 (FNP) and additions to/deductions from the FNP of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance 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.

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

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

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

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

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

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

	January 1, 2023 Through June 30, 2023	July 1, 2023 Through December 31, 2023
Employee contribution (all employees except State Troopers)	9.00%	9.00%
State Troopers	13.00%	13.00%

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

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

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

	January 1, 2023 Through June 30, 2023	July 1, 2022 Through December 31, 2022
Employer contribution rate	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)%
Amount apportioned to the LGDTF	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.06%	0.06%
Total employer contribution rate to the LGDTF	13.74%	13.74%

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

The employer contribution requirements for State Troopers are summarized in the table below:

	January 1, 2023 Through June 30, 2023	July 1, 2023 Through December 31, 2023
Employer contribution rate	14.10%	14.10%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	13.08%	13.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.06%	0.06%
Total employer contribution rate to the LGDTF	16.84%	16.84%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Meeker Sanitation District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Meeker Sanitation District were \$42,952 for the year ended December 31, 2023

Pension Asset, Pension Income, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the LGDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The Meeker Sanitation District proportion of the net pension liability was based on Meeker Sanitation District contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers.

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN, Continued

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

At December 31, 2023, the Meeker Sanitation District reported a liability of \$373,890 for its proportionate share of the net pension liability.

At December 31, 2022, the Meeker Sanitation District proportion was 0.037%, which was a decrease of 0.007% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Meeker Sanitation District recognized pension income of \$31,228. At December 31, 2023, the Meeker Sanitation 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	\$ -	\$ 1,864
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	152,640	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(29,670)	-
Contributions subsequent to the measurement date	42,952	N/A
Total	\$ 165,922	\$ 1,864

\$42,952 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 ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ended December 31:	
2024	\$(30,503)
2025	8,873
2026	53,299
2027	89,437
2028	-
Thereafter	-

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN, Continued

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

Actuarial assumptions. The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, 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%
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%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

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

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.

MEEKER SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, 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 percent 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, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

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

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

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

