

# Monument Sanitation District

Financial Statements and Supplementary Information  
For the Years Ended December 31, 2023 and 2022



Certified Public Accountants

# Monument Sanitation District

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## **Independent Auditor's Report**

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To the Board of Directors  
Monument Sanitation District

### **Opinion**

We have audited the accompanying financial statements of the business-type activities of Monument Sanitation District as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Monument 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 financial position of Monument Sanitation District as of December 31, 2023 and 2022, and the respective change 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 audits 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 Monument Sanitation District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Monument 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.



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## **Independent Auditor's Report**

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

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



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## **Independent Auditor's Report**

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### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 7 and the schedules on pages 47 to 50 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 Monument Sanitation District's basic financial statements. The schedule of revenues, expenses, and changes in net position - budget to actual on pages 45 and 46 is presented for 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Olson, Reyes & Sauerwein, LLC  
Centennial, Colorado  
May 15, 2024

# Monument Sanitation District

## Management's Discussion and Analysis

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

The MD&A is provided at the beginning of the report to provide an overview of the District's financial position at December 31, 2023, and the results of operations for the year. This summary should not be taken as a replacement for the audit report, which consists of the basic financial statements, notes to the financial statements, and required supplementary information.

### Overview of the Sources and Uses of Revenue

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

### Overview of the Financial Statements

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

# Monument Sanitation District

## Management's Discussion and Analysis

### Condensed Statements of Net Position

<i>As of December 31,</i>	2023	2022
Current Assets	\$ 5,759,874	\$ 4,063,986
Capital Assets - Net	9,401,285	4,495,807
Non-Current Restricted Assets	42,758	42,306
Net Pension Asset	-	17
Investment in Joint Use Facility	2,157,248	2,179,235
<b>Total Assets</b>	<b>17,361,165</b>	<b>10,781,351</b>
Deferred Outflows of Resources	146,459	40,431
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 17,507,624</b>	<b>\$ 10,821,782</b>
Current Liabilities	\$ 140,124	\$ 80,932
Net Pension Liability	267	-
Other Post Employment Benefit (OPEB) Liability	17,447	13,659
Revenue Note Payable - Due After One Year	145,000	180,000
<b>Total Liabilities</b>	<b>302,838</b>	<b>274,591</b>
Deferred Inflows of Resources	7,471	157,012
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>310,309</b>	<b>431,603</b>
Net Position		
Invested in Capital Assets - Net of Related Debt	9,401,285	4,495,807
Restricted - Revenue Note Reserve	72,758	72,306
Unrestricted	7,723,272	5,822,066
<b>Total Net Position</b>	<b>17,197,315</b>	<b>10,390,179</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 17,507,624</b>	<b>\$ 10,821,782</b>

#### Analysis of Financial Position

Cash and cash equivalents of the District increased by approximately \$1.7 million from 2022 to \$5.6 million at December 31, 2023. This increase is mostly due to the collection of tap and service fees. Additional revenue that is collected is added to the District's reserves to be used for future capital expenditures.

The District's net capital assets increased by approximately \$4.9 million from 2022 to \$9.4 million at December 31, 2023. This is primarily due to a developer transferring the sewer infrastructure and lift station of the Willow Springs subdivision, valued at approximately \$5.2 million, to the District in April 2023.

The District has a 1/3rd ownership investment in the Tri-Lakes Wastewater Facility (TLWWTF), which is operated as a joint venture under the Amended Joint Use of Facilities Agreement dated June 6, 1996. The TLWWTF provides wastewater treatment to the District and two neighboring Districts. The District has recorded its investments in the TLWWTF based on the audited net position of the District at December 31, 2023.

The District has a revenue note payable from 2014 relating to improvements at the TLWWTF. The note is payable in annual installments of \$30,000 and has a balance of \$180,000 at December 31, 2023.

# Monument Sanitation District

## Management's Discussion and Analysis

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

<i>Years Ended December 31,</i>	2023	2022
User Fees	\$ 968,792	\$ 867,702
Interest Income	242,327	53,883
Grant Revenue	66,165	-
Other Revenue	40,065	67,338
Rental Income	32,400	27,600
(Loss) from Investment in Joint Use Facility	(21,987)	(70,748)
<b>Total Revenue</b>	<b>1,327,762</b>	<b>945,775</b>
Operating Expenses, Excluding Depreciation	733,047	719,715
Depreciation Expense	423,948	251,712
<b>Total Expenses</b>	<b>1,156,995</b>	<b>971,427</b>
Income (Loss) Before Capital Contributions	170,767	(25,652)
Capital Contributions - Tap Fees	1,422,500	1,911,429
Capital Contributions - Willow Springs Infrastructure	5,213,869	-
<b>Change in Net Position</b>	<b>6,807,136</b>	<b>1,885,777</b>
<b>Net Position - Beginning of Year</b>	<b>10,390,179</b>	<b>8,504,402</b>
<b>Net Position - End of Year</b>	<b>\$ 17,197,315</b>	<b>\$ 10,390,179</b>

#### Analysis of Operating Results

The District's operating revenue increased by approximately \$329,000 to \$1,328,000 for 2023. User fees increased by approximately \$101,000 due increased users. There were no changes in monthly user fees charged. The District was awarded a grant in 2023 from El Paso County in the amount of \$684,025. The grant is a reimbursement based grant and \$66,165 of costs and revenue were recorded relating to this grant in 2023. The District's cash and equivalents generated approximately \$242,000 of interest in 2023 compared to approximately \$54,000 in 2022.

The District's expenses increased by approximately \$186,000 to \$1,157,000 in 2023, primarily due to increases in depreciation expense which increased by approximately \$172,000 and TLWWTF sewage treatment expenses which increased by \$68,000. These increases were offset by a reduction in the pension and OPEB expenses which declined by approximately \$123,000.

Installation of tap fees generated \$1,422,500 of additional proceeds to the District. Additionally, as previously discussed the developer of the Willow Springs subdivision transferred the sewer infrastructure and lift station to the District in the amount of \$5,213,869 which was accounted for as a capital contribution.

# Monument Sanitation District

## Management's Discussion and Analysis

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### Budgetary Highlights

There were significant variations between budgeted and actual revenues and expenses for the year ended December 31, 2023. Actual expenses were below budgeted amounts by approximately \$1,004,000 and actual revenues exceeded budgeted amounts by approximately \$420,000. The significant differences between actual and budgeted revenue were due to tap fee revenue, which was over budget by approximately \$672,000. User fees were over budget by \$103,000, interest income was over budget by \$237,000, and grant revenue was under budget by \$618,000. Significant differences between actual and budgeted expenses were TABOR reserve, capital improvements and contingency which were under budget by approximately \$1,035,000.

### Other Items

#### *User Fees*

For the years ended December 31, 2023 and 2022, the District's Board of Directors had approved user fees as

Residential Fees	\$40 per month, respectively
Commercial Fees	\$40 per month up to 5,000 gallons for each year \$5.10 per 1,000 gallons thereafter

# Monument Sanitation District

## Statements of Net Position

December 31, 2023 and 2022

	2023	2022
<b>Current Assets</b>		
Cash and Cash Equivalents - Unrestricted		
In banks and on hand	\$ 258,199	\$ 595,616
In Colorado Local Government Liquid Asset Trust	5,327,291	3,273,806
<b>Total Unrestricted Cash and Cash Equivalents</b>	<b>5,585,490</b>	<b>3,869,422</b>
Receivables:		
User fees	141,661	184,110
Tap fees - Wakonda Hills	6,790	10,454
Grants receivable	25,933	-
<b>Total Receivables</b>	<b>174,384</b>	<b>194,564</b>
<b>Total Current Assets</b>	<b>5,759,874</b>	<b>4,063,986</b>
<b>Non-Current Assets</b>		
Capital Assets:		
Office building and land	401,433	401,433
Office building improvements	352,993	352,993
Collection system	12,272,163	6,942,738
Furniture, fixtures and equipment	105,287	105,287
	13,131,876	7,802,451
Less: accumulated depreciation	3,730,591	3,306,643
<b>Capital Assets - Net</b>	<b>9,401,285</b>	<b>4,495,808</b>
Investment in joint use facility	2,157,248	2,179,235
Restricted cash	42,758	42,306
Net pension asset	-	17
<b>Total Non-Current Assets</b>	<b>11,601,291</b>	<b>6,717,366</b>
<b>Deferred Outflows of Resources:</b>		
Related to pensions	142,682	38,468
Related to other post employment benefit (OPEB) obligations	3,777	1,963
<b>Total Deferred Outflows of Resources</b>	<b>146,459</b>	<b>40,431</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 17,507,624</b>	<b>\$ 10,821,783</b>

See Notes to Financial Statements

# Monument Sanitation District

## Statements of Net Position

December 31, 2023 and 2022

	2023	2022
<b>Current Liabilities</b>		
Accounts payable	\$ 91,101	\$ 44,274
Accrued payroll taxes and vacation	14,023	6,659
Revenue note payable - due within one year	35,000	30,000
<b>Total Current Liabilities</b>	<b>140,124</b>	<b>80,933</b>
<b>Long Term Liabilities</b>		
Net pension liability	267	-
Other post-employment benefit (OPEB) liability	17,447	13,659
Revenue note payable - due after one year	145,000	180,000
<b>Total Long Term Liabilities</b>	<b>162,714</b>	<b>193,659</b>
<b>Total Liabilities</b>	<b>302,838</b>	<b>274,592</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	1,326	152,187
Related to other post-employment benefit obligations (OPEB)	6,145	4,825
<b>Total Deferred Inflows of Resources</b>	<b>7,471</b>	<b>157,012</b>
<b>Net Position</b>		
Invested in capital assets - net of related debt	9,401,285	4,495,808
Restricted - revenue note reserve	72,758	72,306
Unrestricted	7,723,272	5,822,065
<b>Total Net Position</b>	<b>17,197,315</b>	<b>10,390,179</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 17,507,624</b>	<b>\$ 10,821,783</b>

See Notes to Financial Statements

# Monument Sanitation District

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

For the Years Ended December 31, 2023 and 2022

	2023	2022
<b>Operating Revenues</b>		
User fees	\$ 968,792	\$ 867,702
<b>Operating Expenses</b>		
Depreciation	423,948	251,712
Engineering fees	12,466	19,587
Insurance and bonding	53,165	49,397
Interest	7,582	8,664
Office supplies and expenses	49,415	38,230
Other expense	15,799	8,710
Payroll taxes	3,945	3,795
Pension and OPEB (income)	(214,345)	(90,992)
Professional fees	70,233	54,339
Repairs and maintenance	120,973	105,522
Salaries	248,524	238,068
Sewage treatment and disposal - joint use facility	330,868	262,808
Telephone and utilities	34,422	21,587
<b>Total Operating Expenses</b>	<b>1,156,995</b>	<b>971,427</b>
<b>(Loss) From Operations</b>	<b>(188,203)</b>	<b>(103,725)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	242,327	53,883
Grant revenue	66,165	-
Other revenue	40,065	67,338
Rental income	32,400	27,600
Income (Loss) from investment in joint use facility	(21,987)	(70,748)
<b>Non-Operating Revenues (Expenses) - Net</b>	<b>358,970</b>	<b>78,073</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>170,767</b>	<b>(25,652)</b>
<b>Capital Contributions - Tap fees</b>	<b>1,422,500</b>	<b>1,911,429</b>
<b>Capital Contributions - Willow Springs Infrastructure</b>	<b>5,213,869</b>	<b>-</b>
<b>Change in Net Position</b>	<b>6,807,136</b>	<b>1,885,777</b>
<b>Net Position - Beginning of Year</b>	<b>10,390,179</b>	<b>8,504,402</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 17,197,315</b>	<b>\$ 10,390,179</b>

See Notes to Financial Statements

# Monument Sanitation District

## Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 988,971	\$ 852,329
Cash payments to suppliers for goods and services	(637,094)	(548,423)
Cash payments to employees for services	(285,677)	(275,442)
Cash paid for interest	(7,581)	(8,664)
<b>Net Cash Flows from Operating Activities</b>	<b>58,619</b>	<b>19,800</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Other revenue	40,065	67,338
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributed - sewer tap fees	1,422,500	1,911,429
Revenue note payable	(30,000)	(30,000)
Grant revenue - sewer line improvements	66,165	-
(Purchase) of capital assets	(115,556)	-
<b>Net Cash Flows From Capital and Related Financing Activities</b>	<b>1,343,109</b>	<b>1,881,429</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Rental income	32,400	27,600
Investment income	242,327	53,883
<b>Net Cash Flows from Investing Activities</b>	<b>274,727</b>	<b>81,483</b>
<b>Change in Cash and Cash Equivalents</b>	<b>1,716,520</b>	<b>2,050,050</b>
<b>Cash and Cash Equivalents and Restricted Cash - Beginning of Year</b>	<b>3,911,728</b>	<b>1,861,678</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 5,628,248</b>	<b>\$ 3,911,728</b>
<b>Cash and Cash Equivalents and Restricted Cash Consist of the Following</b>		
Cash and cash equivalents - unrestricted	\$ 5,585,490	\$ 3,869,422
Restricted cash - revenue note reserve	42,758	42,306
<b>Total Cash and Cash Equivalents</b>	<b>\$ 5,628,248</b>	<b>\$ 3,911,728</b>
<b>NONCASH FINANCING ACTIVITIES</b>		
Contributed property	\$ 5,303,491	\$ -

See Notes to Financial Statements

# Monument Sanitation District

## Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	2023	2022
<b>Reconciliation of Operating (Loss) to Net Cash From Operating Activities:</b>		
(Loss) from operations	\$ (188,203)	\$ (103,725)
Depreciation	423,948	251,712
<b>Changes in Assets and Liabilities</b>		
Receivables	20,180	(15,387)
Accounts payable	46,827	11,856
Payroll taxes payable and accrued vacation	7,364	3,692
Net pension liability	284	(142,049)
OPEB Liability	3,788	(6,174)
Deferred outflows	(106,028)	22,868
Deferred inflows	(149,541)	(2,993)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 58,619</b>	<b>\$ 19,800</b>

See Notes to Financial Statements

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 1 - Significant Accounting Policies

#### Introduction

The financial statements of the Monument Sanitation District (the "District") have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District and described below.

#### Reporting Entity

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

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

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

The District is not financially accountable for any other organizations.

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 1 - Significant Accounting Policies (continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

#### Budgets

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

#### Cash Equivalents

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

#### Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from the estimates.

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 1 - Significant Accounting Policies (continued)

#### Financial Instruments

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

#### Receivables

Accounts receivable consist primarily of sewer user fees which are billed monthly. No provision is made for uncollectible accounts as the District has tax lien authority against the specific properties for collection of amounts due.

#### Capital Contributions from Developers

Developers of new subdivisions within the District are required to construct the necessary sewer lines in accordance with District specifications. The District charges a tap fee for collections in the new subdivisions. The amount of tap fees to be retained by the District is recorded as a capital contribution. For the years ended December 31, 2023 and 2022, the District recorded capital contributions in the amount of \$1,422,500 and \$1,911,429, respectively, relating to tap fees.

The estimated costs of sewer lines and other distribution facilities constructed and installed by the developer is recorded by the District as capital contributions upon completion of the facilities and acceptance by the District. For the year ended December 31, 2023, the District recorded capital contributions in the amount of \$5,213,869 relating to the Willow Springs Infrastructure.

#### Capital Assets

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

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

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

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 1 - Significant Accounting Policies (continued)

#### Net Position

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

- **Invested in Capital Assets - Net of Related Debt.** This component of net position consists of capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted Net Position.** This component of net position consists of assets that are restricted by the District's creditors and state enabling legislation.
- **Unrestricted Net Position.** This component consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

#### Subsequent Events

In preparing its financial statements, the District has evaluated subsequent events through May 15, 2024, which is date the financial statements were available to be issued. Management of the District has not identified any material subsequent events that require reporting or disclosure.

### Note 2 - Cash and Cash Investments

At December 31, 2023, the District's cash deposits had a carrying balance and bank balance as follows:

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	Carrying Balance	Bank Balance
Cash on Hand	\$ 100	\$ -
Insured Deposits		
Unrestricted Cash	258,099	278,693
Colorado Local Government Liquid Asset Trust	5,327,291	5,327,291
Restricted Cash - Reserve Note Payable	42,758	42,306
	<hr/>	<hr/>
	\$ 5,628,248	\$ 5,648,290

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# Monument Sanitation District

## Notes to the Financial Statements

### Note 2 - Cash and Cash Investments (continued)

At December 31, 2022, the District's cash deposits had a carrying balance and bank balance as follows:

	Carrying Balance	Bank Balance
Cash on Hand	\$ 100	\$ -
Insured Deposits		
Unrestricted Cash	595,516	346,433
Colorado Local Government Liquid Asset Trust	3,273,806	3,273,806
Restricted Cash - Revenue Note Payable	42,306	42,278
Total Cash	\$ 3,911,728	\$ 3,662,517

#### Custodial Credit Risk

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. The statute specifies eligible depositories for public cash deposits, which must be Colorado institutions and must maintain Federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held-in-trust. The market value of the collateral must be at least equal to the aggregate uninsured deposit. The State Regulatory Commissions for banks and financial services are required by statutes to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2023 and 2022, none of the District's bank deposits were exposed to credit risk.

#### Concentration of Credit Risk

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

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 2 - Cash and Cash Investments (continued)

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

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

#### Local Government Investment Pool

At December 31, 2023 and 2022, the District had invested \$5,327,291 and \$3,273,806, respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal to \$1.00. The Trust may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The Trust is rated AAA by both Standard and Poor's and Moody's.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. At December 31, 2023 and 2022, the market value of the investment was the same as the carrying value.

#### Interest Rate Risk

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

# Monument Sanitation District

## Notes to the Financial Statements

### Note 3 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2023, were as follows:

	Balance January 1, 2023	Additions	Retirements	Balance December 31, 2023
Office building, land and improvements	\$ 754,426	\$ -	\$ -	\$ 754,426
Collection system	6,942,738	5,329,425	-	12,272,163
Furniture, fixtures and equipment	105,287	-	-	105,287
	<u>\$ 7,802,451</u>	<u>\$ 5,329,425</u>	<u>\$ -</u>	<u>\$13,131,876</u>
Accumulated Depreciation:				
Office building, land and improvements	319,078	21,999	-	341,077
Collection system	2,889,991	396,262	-	3,286,253
Furniture, fixtures and equipment	97,574	5,687	-	103,261
	<u>\$ 3,306,643</u>	<u>\$ 423,948</u>	<u>\$ -</u>	<u>\$ 3,730,591</u>

Depreciation expense for the year ended December 31, 2023 was \$423,948.

# Monument Sanitation District

## Notes to the Financial Statements

### Note 3 - Capital Assets (continued)

Capital asset balances and activity for the year ended December 31, 2022, were as follows:

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022
Office building, land and improvements	\$ 754,426	\$ -	\$ -	\$ 754,426
Collection system	6,942,738	-	-	6,942,738
Furniture, fixtures and equipment	105,287	-	-	105,287
<b>Total Capital Assets</b>	<b>\$ 7,802,451</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,802,451</b>
Accumulated Depreciation:				
Office building, land and improvements	\$ 297,079	\$ 21,999	\$ -	\$ 319,078
Collection system	2,666,033	223,958	-	2,889,991
Furniture, fixtures and equipment	91,819	5,755	-	97,574
<b>Total Accumulated Depreciation</b>	<b>\$ 3,054,931</b>	<b>\$ 251,712</b>	<b>\$ -</b>	<b>\$ 3,306,643</b>

Depreciation expense for the year ended December 31, 2022 was \$251,712.

### Note 4 - Investment in Joint Use Facility

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

The District uses the equity method to record its share of joint use facility transactions. At December 31, 2023 and 2022, the District's ownership interest in TLWWTF reflected in the Statements of Net Position as Investment in Joint Use Facility, was \$2,157,248 and \$2,179,235, respectively. The District's share of the change in net position of TLWWTF for the years ended December 31, 2023 and 2022, reflected in the Statements of Revenues, Expenses, and Changes in Net Position as (Loss) from Investment in Joint Use Facility, was \$(21,987) and \$(70,748), respectively.

# Monument Sanitation District

## Notes to the Financial Statements

### Note 4 - Investment in Joint Use Facility (continued)

The following reflects a summary of the financial position and results of operation of TLWWTF, as of and for the years ended December 31, 2023 and 2022:

	2023	2022
Cash	\$ 120,040	\$ 61,016
Accounts receivable	89,054	75,878
Prepaid expenses	44,457	41,766
Net pension asset	-	34,229
Capital assets, net of accumulated depreciation	6,607,155	6,801,890
Total Assets	6,860,706	7,014,779
Deferred outflows of resources - related to pensions and OPEB	239,432	64,721
Total Assets and Deferred Outflows of Resources	\$ 7,100,138	\$ 7,079,500
Accounts payable	\$ 33,675	\$ 7,692
Compensated absences	86,463	86,463
Deposits held	59,172	59,172
Net pension and OPEB liabilities	432,310	26,761
Total Liabilities	611,620	180,088
Total Net Position	6,471,743	6,537,706
Deferred inflows of resources - related to pensions	16,775	361,706
Total Liabilities, Net Position and Deferred Inflows of Resources	\$ 7,100,138	\$ 7,079,500
Operating revenues	\$ 1,542,663	\$ 1,286,430
Non-operating income (expenses) - net	91,973	43,911
Operating (expenses)	(1,700,599)	(1,542,583)
Change in Net Position	\$ (65,963)	\$ (212,242)

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

# Monument Sanitation District

## Notes to the Financial Statements

### Note 4 - Investment in Joint Use Facility (continued)

Monthly billings from the joint use facility, which cover both operating expenses and other assessments, are expensed by the District. Included in Sewage Treatment and Disposal Expense for the years ended December 31, 2023 and 2022, are the following charges related to the joint use facility:

	2023	2022
Operating expenses charged by TLWWTF	\$ 271,994	\$ 234,780
Other - sludge removal	58,874	28,028
Total Sewage Treatment Disposal Expense	\$ 330,868	\$ 262,808

As of December 31, 2023 and 2022, the District owed TLWWTF \$3,192 and \$54,112, respectively, which is included in accounts payable.

On October 13, 1998, and December 12, 2006, the District contributed \$10,000 and \$7,000, respectively, to an escrow deposit account with TLWWTF. The ownership presentation of the investment in joint use facility is as follows as of December 31, 2023 and 2022:

	2023	2022
District's Ownership Interest in TLWWTF	\$ 2,157,248	\$ 2,179,235
Investment in Joint Use Facility	\$ 2,157,248	\$ 2,179,235

### Note 5 - Revenue Note Payable

In December 2013, the District entered into a revenue note agreement in the original amount of \$400,000. The revenue note bears interest at a rate of 3.61%, and matures on December 1, 2028. Interest is due semi-annually. The revenue note constitutes an irrevocable and first lien on the net revenue of the District. Net revenue (defined in the note agreement as gross revenue less operating and maintenance expenses) is pledged for the payment of the revenue note. No monthly payments are required under the revenue note, but the note stipulates annual principal payment requirements escalating from \$5,000 per annum to \$40,000 over the duration of the loan. Principal repayments must be made from net revenues or from the reserve deposit account, described below. At December 31, 2023 and 2022, the outstanding balance of the note was \$180,000 and \$210,000.

# Monument Sanitation District

## Notes to the Financial Statements

### Note 5 - Revenue Note Payable (continued)

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

	Principal	Interest
2024	\$ 35,000	\$ 6,858
2025	35,000	5,235
2026	35,000	3,971
2027	35,000	4,152
2028	40,000	1,444
	\$ 180,000	\$ 21,660

Under the terms of the note, the District is required to establish a reserve account with a minimum balance of \$42,000 to be used only to prevent default in the payment of the revenue note. As of December 31, 2023 and 2022, the balance of the reserve account was \$42,758 and \$42,306, respectively, and is reflected as restricted cash-revenue note reserve in the Statement of Net Position.

### Note 6 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation, for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in the years ended December 31, 2023 and 2022.

The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool"), as of December 31, 2023 and 2022. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery, and workers' compensation coverage to its members.

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

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 7 - Commitments and Contingencies

#### Environmental Protection Agency (EPA)

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

#### Tax, Spending, and Debt Limitations

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

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

### Note 8 - Accounts Receivable Tap Fees - Wakonda Hills

The District allowed Wakonda Hill's residents that were using septic to purchase taps for \$5,000 with a \$1,000 credit if signed up during 2004 and 2005. These residents were allowed to pay the taps over 15 years with no interest. At December 31, 2023 and 2022, the outstanding balance was \$6,790 and \$10,454, respectively.

### Note 9 - El Paso County Grant

In 2022, the District was awarded a grant from El Paso County in the amount of \$684,000 to make improvements to existing sewage treatment infrastructure. In 2023, the District recorded \$66,165 of grant revenue for reimbursement of costs incurred by the District for the improvements. The infrastructure improvements are expected to be completed in 2024 and the remaining grant revenue utilized.

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 10 - Defined Benefit Pension Plan

#### Summary of Significant Accounting Policies

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

#### General Information about the Pension Plan

**Plan Description:** Eligible employees of the the District are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.). Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://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 percent, and then multiplied by years of service credit.
- The value of the retiring employee's member contributions account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on the life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100 percent of highest salary and cannot exceed the maximum benefit allowed by the Federal Internal Revenue Code.

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

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 10 - Defined Benefit Pension Plan (continued)

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 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. 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.

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 10 - Defined Benefit Pension Plan (continued)

**Contribution Provisions as of December 31, 2023:** Eligible employees of the District are required to contribute to the LGDTF at a rate set by C.R.S. § 24-51-401, *et seq*, and § 24-51-413. Eligible employees are required to contribute 9 percent of their PERA-includable salary during the period from January 1, 2023 through December 31, 2023.

The employer contribution requirements during the period of January 1, 2023 through December 31, 2023 are summarized in the table below:

	January 1, 2023 through December 31, 2023
Employer Contribution Rate *	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund *	(1.02%)
Amount apportioned to the LGDTF *	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 *	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 *	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415 *	0.06%
<b>Total employer contribution rate to the LGDTF *</b>	<b>13.74%</b>

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member, and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$31,619 and \$29,229, respectively, for the years ended December 31, 2023 and 2022.

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 10 - Defined Benefit Pension Plan (continued)

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

At December 31, 2023 and 2022, the District reported a liability of \$266 and an (asset) of \$(18), respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022 and 2021, respectively, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 and 2020, respectively. Standard update procedures were used to roll forward the total pension liability to December 31, 2022 and 2021, respectively. The District's proportion of the net pension liability (asset) was based on the District's contributions to the LGDTF for the calendar years 2022 and 2021, relative to the total contributions from participating employers.

At December 31, 2022, the District proportion was 0.02652%, which was an increase of 0.00604% from its proportion measured as of December 31, 2021.

For the years ended December 31, 2023 and 2022, the District recognized pension (income) of \$(214,344) and \$(90,992), respectively.

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,326
Net difference between projected and actual earnings on pension plan investments	108,529	-
Contributions subsequent to the measurement date	34,153	-
Total	\$ 142,682	\$ 1,326

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The \$34,153 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.

# Monument Sanitation District

## Notes to the Financial Statements

### Note 10 - Defined Benefit Pension Plan (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension (income) expense as follows for the years ending December 31:

	December 31st,
2024	\$ (10,930)
2025	16,141
2026	39,727
2027	63,591
	\$ 108,529

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

**Actuarial Assumptions:** The total pension liability 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	3.20 - 11.30%
Long-term Investment Rate of Return, Net of Pension	
Plan Investment Expenses, including Price Inflation	7.25%
Discount Rate	7.25%
Post-Retirement Benefit Increases:	
PERA Benefit Structure, hired prior to 1/1/07	1.00%
PERA Benefit Structure, hired after 12/31/06	Financed by the Annual Increase Reserve

The total pension liability 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.

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 10 - Defined Benefit Pension Plan (continued)

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

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

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

The 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 or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2020.

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

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.

# Monument Sanitation District

## Notes to the Financial Statements

### Note 10 - Defined Benefit Pension Plan (continued)

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 10 - Defined Benefit Pension Plan (continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021 and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, 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 contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25 percent to 1.00 percent resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 10 - Defined Benefit Pension Plan (continued)

***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:***

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

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	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 446,283	\$ 26,584	\$ 115,580

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***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](http://www.copera.org/investments/pera-financial-reports).

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 11 - Other Post-Employment Benefits (OPEB)

#### Summary of Significant Accounting Policies

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

#### General Information about the OPEB Plan

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

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

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

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 11 - Other Post-Employment Benefits (OPEB) (continued)

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member, and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$2,534 and \$2,428, for the year ended December 31, 2023 and 2022, respectively.

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

At December 31, 2023 and 2022, the District reported a liability of \$17,447 and \$13,659, respectively, 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 the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the District's proportion was 0.00214 percent, which was an increase of 0.00056 from its proportion measured as of December 31, 2021.

# Monument Sanitation District

## Notes to the Financial Statements

### Note 11 - Other Post-Employment Benefits (OPEB) (continued)

For the years ended December 31, 2023 and 2022, the District recognized OPEB income (expense) of \$(3,294) and \$7,838, respectively. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 2	\$ 4,219
Changes in assumptions or other inputs	280	1,926
Net difference between projected and actual earnings on OPEB plan investments	1,067	-
Contributions subsequent to the measurement date	2,428	-
<b>Total</b>	<b>\$ 3,777</b>	<b>\$ 6,145</b>

The \$2,428 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (expense) as follows for the years ending December 31:

	December 31st,
2024	\$ 160
2025	258
2026	388
2027	532
2028	11
	<b>\$ 1,349</b>

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 11 - Other Post-Employment Benefits (OPEB) (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:

Actuarial Cost Method	Entry age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, including Wage Inflation	3.20%-11.30%
Long-Term Investment Rate of Return, Net of 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 2029
Medicare Part A Premiums	3.75% for 2022, gradually increasing to 4.50% in 2029

##### DPS Benefit Structure:

Service-Based Premium Subsidy	0.00%
PERACare Medicare Plans	N/A
Medicare Part A Premiums	N/A

The total OPEB liability 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 (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 fiduciary net position as of the December 31, 2022, measurement date.

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

# Monument Sanitation District

## Notes to the Financial Statements

### Note 11 - Other Post-Employment Benefits (OPEB) (continued)

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A	Monthly Cost Adjusted to Age 65
Self-Funded Medicare Supplement Plans	\$ 633	\$ 230	\$ 591
Kaiser Permanente Medicare Advantage HMO	\$ 596	\$ 199	\$ 562

The 2022 Medicare Part A premium is \$499 per month.

All costs are subject to the health care costs trends 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 PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services.

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

	PERACare Medicare Plans	Medicare Part A Premiums
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%

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 11 - Other Post-Employment Benefits (OPEB) (continued)

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 are applied, as applicable, in the determination of the total OPEB liability for the HCTF but developed using a head count 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.

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.
- 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.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 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 PERA Board's actuary.

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 total OPEB liability, 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.

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 11 - Other Post-Employment Benefits (OPEB) (continued)

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 or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 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 lo-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent affirmation 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:

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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%
	100.00%	

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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%.

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 11 - Other Post-Employment Benefits (OPEB) (continued)

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

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	1% Decrease in Trend Rates	Current Trend Rates	1% increase in Trend Rates
Initial PERACare Medicare Trend Rate	5.25%	6.25%	7.25%
Unlimited PERACare 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	\$ 16,954	\$ 17,448	\$ 17,985

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# Monument Sanitation District

## Notes to the Financial Statements

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### Note 11 - Other Post-Employment Benefits (OPEB) (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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 percent of OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

# Monument Sanitation District

## Notes to the Financial Statements

### Note 11 - Other Post-Employment Benefits (OPEB) (continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 20,227	\$ 17,448	\$ 15,071

**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](http://www.copera.org/investments/pera-financial-reports).

### Note 12 - Rental Income

The District leases part of its building to three tenants. Monthly payments range from \$325 to \$1,500. The lease terms will automatically renew unless terminated by either the lessee or by the District. The leases mature on December 31, 2024. Rental income for the years ended December 31, 2023 and 2022, was \$32,400 and \$27,600, respectively.

As discussed in Note 11, one of the lessees is owned by a member of the District's Board of Directors. Rental income for this lessee was \$3,900 and \$3,600 for the years ended December 31, 2023 and 2022, respectively.

### Note 13 - Related Party Transactions

As discussed in Note 11, for the years ended December 31, 2023 and 2022, the District received \$3,900 and \$3,600, respectively, of rental income from a company owned by a member of the Board of Directors. Additionally, for the years ended December 31, 2023 and 2022, the District paid \$8,959 and \$4,546, respectively, for broadband related services to a company who is owned by a member of the District's Board of Directors.

### Note 14 - Retirement Plan

In 2023, the District began sponsoring a 457(b) deferred compensation plan for eligible employees. The District matches employee contributions up to 5% of eligible compensation, not to exceed \$3,000 in a given year. Employees are fully vested in their contributions and in the District's match, regardless of their length of employment. For the year ended December 31, 2023, the District contributed \$3,000 of Roth contributions.

# Monument Sanitation District

## Notes to the Financial Statements

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### Note 15 - Commitments and Contingencies

#### Tax, Spending, and Debt Limitations

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

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

TABOR requires local governments to establish Emergency Reserves equal to 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use emergency reserves to compensate for economic conditions, revenue shortfalls, or salary benefit increase. As of December 31, 2023 and 2022, the District has restricted net position of \$- as required by Article X, Section 20.

### Note 16 - Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

## **Supplementary Information**

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# Monument Sanitation District

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

<i>Year Ended December 31, 2023</i>	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>			
User fees	\$ 865,000	\$ 968,792	\$ 103,792
Conference room rental income	2,500	2,640	140
Interest income	5,000	242,327	237,327
Grant revenue	684,025	66,165	(617,860)
Other revenue	15,000	37,425	22,425
Rental income	30,000	32,400	2,400
Tap fees	750,000	1,422,500	672,500
<b>Total Revenue</b>	<b>2,351,525</b>	<b>2,772,249</b>	<b>420,724</b>
<b>Expenditures</b>			
Loan Expense			
Interest expense	7,600	7,582	18
Revenue loan payment	30,000	30,000	-
<b>Total Loan Expense</b>	<b>37,600</b>	<b>37,582</b>	<b>18</b>
Administration:			
Accounting	20,000	15,600	4,400
Auditing	13,500	14,718	(1,218)
Advertising and promotion	1,000	1,858	(858)
Bank charges	300	149	151
Board expense	-	47	(47)
Business meals	500	1,850	(1,350)
Dues and subscriptions	6,700	6,035	665
Election expense	2,000	-	2,000
Engineering fees	25,000	10,849	14,151
IT Support	-	9,015	(9,015)
Insurance expense	20,000	19,059	941
Janitorial	6,650	6,476	174
Legal fees	18,500	30,900	(12,400)
Licenses and fees	500	290	210
Office equipment repairs	5,000	6,402	(1,402)
Office Supplies	8,000	11,751	(3,751)
Postage and meter rental	13,500	15,054	(1,554)
Professional fees	5,000	1,617	3,383
Publishing	250	186	64
Recording and reporting	250	(343)	593
Rent - storage	5,500	4,080	1,420
Telephone	6,800	9,191	(2,391)
Tools and equipment	5,500	95	5,405
Travel and lodging - board	2,000	72	1,928
UNCC plant operations	4,500	3,608	892
Workshops and conferences	2,000	1,456	544
<b>Total Administration Expenses</b>	<b>172,950</b>	<b>170,015</b>	<b>2,935</b>



# Monument Sanitation District

## Schedule of Revenues, Expenses, and Changes in Net Position - Budget to Actual (continued)

Year Ended December 31, 2023	Budget	Actual	Variance Favorable (Unfavorable)
<b>Public Works:</b>			
Joint use fees	\$ 260,000	\$ 271,994	\$ (11,994)
Repairs and maintenance	75,000	88,818	(13,818)
SCADA	7,500	9,083	(1,583)
Sludge removal	70,000	58,874	11,126
Utilities and other	18,000	12,024	5,976
<b>Total Public Works Expenses</b>	<b>430,500</b>	<b>440,793</b>	<b>(10,293)</b>
<b>Employee Expenses:</b>			
Health insurance	35,000	31,759	3,241
Payroll taxes	4,300	3,945	355
Pension and Roth contributions	37,000	37,153	(153)
Salaries and wages	262,000	248,452	13,548
Travel and lodging - employees	2,500	572	1,928
Workers compensation	3,500	2,347	1,153
<b>Total Employee Expenses</b>	<b>344,300</b>	<b>324,228</b>	<b>20,072</b>
<b>Building Expenses:</b>			
Repairs and maintenance	35,000	23,902	11,098
Utilities and trash	10,500	13,207	(2,707)
<b>Total Building Expenses</b>	<b>45,500</b>	<b>37,109</b>	<b>8,391</b>
<b>Miscellaneous Expenses:</b>			
New equipment, furniture, and fixtures	2,500	-	2,500
Truck and fuel maintenance	4,500	3,061	1,439
TABOR reserve	35,000	-	35,000
<b>Total Miscellaneous Expenses</b>	<b>42,000</b>	<b>3,061</b>	<b>38,939</b>
<b>Capital Improvements Expenses:</b>			
Capital Improvements-District	900,000	-	900,000
<b>Total Capital Improvements Expenses</b>	<b>900,000</b>	<b>-</b>	<b>900,000</b>
<b>Other Expenses:</b>			
Contingency	100,000	-	100,000
<b>Total Other Expenses</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>
<b>Total Expenditures</b>	<b>2,072,850</b>	<b>1,012,788</b>	<b>1,060,080</b>
<b>Revenue Over (Under) Expenditures</b>	<b>278,675</b>	<b>1,759,461</b>	<b>(639,356)</b>
<b>Increase (Decrease) to Reconcile Budgetary Basis to GAAP Basis</b>			
Contributed property		5,213,869	-
Revenue loan payment		30,000	-
Increase in pension and OPEB liabilities		249,741	-
New equipment, furniture, and fixtures		-	-
Depreciation expense		(423,948)	423,948
Loss from joint use facility		(21,987)	21,987
<b>Increase (Decrease) in Net Position</b>	<b>\$ 278,675</b>	<b>\$ 6,807,136</b>	<b>\$ (193,421)</b>

# Monument Sanitation District

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

<i>As of and For the Year Ended</i> <i>December 31,</i>	2023	2022	2021	2020	2019
District's proportionate share of the Net Pension Liability	0.026516%	0.020481%	0.272580%	0.031930%	0.028360%
District's proportionate share of the Net Pension Liability (Asset)	\$ 267	\$ (17)	\$ 142,049	\$ 233,535	\$ 356,549
District's covered payroll	\$ 248,524	\$ 238,068	\$ 162,787	\$ 325,091	\$ 229,515
District's proportionate share of the Net Pension Liability as a percent of its covered payroll	0%	0%	87%	72%	155%
Plan fiduciary net position as a percentage of the total pension liability	82.99%	101.49%	90.88%	86.26%	76.00%

# Monument Sanitation District

## Schedule of the District's Required Contributions

<i>As of and For the Year Ended December 31,</i>	2023	2022	2021	2020	2019
Contractually required contribution	\$ 31,645	\$ 29,229	\$ 20,242	\$ 27,882	\$ 23,586
Contributions in relation to the contractually required contribution	\$ (31,645)	\$ (29,229)	\$ (20,242)	\$ (27,882)	\$ (23,586)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 248,524	\$ 238,068	\$ 162,787	\$ 325,091	\$ 229,515
Contribution as a percentage of covered payroll	12.73%	12.28%	12.43%	8.58%	10.28%

# Monument Sanitation District

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

<i>As of and For the Year Ended December 31,</i>	2023	2022
District's proportionate share of the Net Pension Liability	0.002137%	0.001584%
District's proportionate share of the Net Pension Liability	\$ 17,448	\$ 13,660
District's covered payroll	\$ 248,524	\$ 238,068
District's proportionate share of the Net OPEB Liability as a percent of its covered payroll	7%	6%
Plan fiduciary net position as a percentage of the total pension liability	38.57%	39.40%

# Monument Sanitation District

## Schedule of the District's OPEB Required Contributions - Health Care Trust Fund

<i>As of and For the Year Ended December 31,</i>	2023	2022
Contractually required contribution	\$ 2,535	\$ 2,428
Contributions in relation to the contractually required contribution	\$ (2,535)	\$ (2,428)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered payroll	\$ 248,524	\$ 238,068
Contribution as a percentage of covered payroll	1.02%	1.02%