

St. Vrain Sanitation District

Annual Financial Statements and Independent Auditors' Report


**For the years ended
December 31, 2024 and 2023**


Table of Contents

	Page
INDEPENDENT AUDITORS' REPORT	1-3
Management's Discussion and Analysis	4-9
BASIC FINANCIAL STATEMENTS:	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12-13
Notes to Basic Financial Statements	14-50
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Proportionate Share of the Net Pension (Asset) Liability and related ratios	51
Schedule of District Contributions - Pension.....	51
Schedule of Proportionate Share of the Net OPEB Liability and related ratios.....	52
Schedule of the District Contributions – OPEB	52
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) – Sanitation Enterprise Fund.....	53-54
Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) – General Government Fund	55



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

Independent Auditors' Report

Board of Directors and Management
St. Vrain Sanitation District

Opinions

We have audited the accompanying financial statements of the business-type activities of St. Vrain Sanitation District (the "District") as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of St. Vrain Sanitation District, as of December 31, 2024 and 2023, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 St. Vrain 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 St. Vrain 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 St. Vrain Sanitation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and retirement plan supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Haynie & Company

Littleton, Colorado
July 17, 2025

Management's Discussion and Analysis

St. Vrain Sanitation District Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to present an analysis of the District's financial performance and an overview of the District's financial activities for the year ended December 31, 2024. Financial statements are an essential part of this analysis and are included with this document.

DISTRICT MISSION STATEMENT

St. Vrain Sanitation District's mission is to protect public health by providing high-quality water reclamation through collection and treatment. Supporting the mission statement the following vision statements guide District operations. High-quality treatment that exceeds water quality standards. Leadership investment in employee success, development and retention. Create an organization where dedicated staff strive to provide proactive planning for a successful and sustainable future.

FINANCIAL HIGHLIGHTS

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

- 1. District's net financial position is \$138,089,522.** This represents an increase of \$5,775,542 (4.4%) over the District's 2023 net financial position. The increased net financial position is representative of a growing District with growth funded primarily through developer contributions.
- 2. District's 2024 operating revenues are \$8,682,277.** Revenues of the District increased in 2024 by 5.1% or \$419,690. Increased revenues were the result of continued growth in the customer base through the sale of new service connections. Revenues also increased due to the adoption of 2024 rate increase in April of 2024 per the independent Rate Study contracted by the District.
- 3. District finalized its work with FEMA and appropriate state agencies regarding disaster relief reimbursement.** Reimbursement was related to disaster expenses incurred during the 2013 flooding events. The District submitted the closeout package for the remaining reimbursement in February of 2021. Final payment for reimbursement expenses of \$603,122 was received in July of 2023.
- 4. District's operating expenses are \$10,686,134.** Depreciation expense of \$5,508,836 is included in the District's 2024 operating expenses.
- 5. Capital contributions to the District for 2024 are \$6,152,925.** Capital contributions to the District are derived from the sale of sanitary sewer connections and the contribution of sanitary sewer infrastructure installed by developers of residential and non-residential developments. The District continues to monitor the collection and treatment capacity of its sanitary sewer infrastructure to ensure the ability to continue to meet the future needs of District customers.
- 6. Treatment plant expansion and improvements.** In early 2023 the construction of the treatment plant improvements and expansion was completed. With the completion of these improvements the District ensures continued commitment to treating wastewater to the growing communities in the region. Continuing the focus of increasing treatment capacity the District next is looking to increase capacity through influent pump station and UV disinfection improvements to be designed and constructed in the coming year.
- 7. Net Pension and OPEB liability.** Net pension (1,392,395) and OPEB (107,633) liabilities are being recognized in 2024 as a requirement for reporting of the District's proportionate share of the total pension and OPEB liability of PERA in accordance with the Governmental Accounting Standards Board ("GASB") statement No 68, an amendment to GASB statement No. 27 on pension reporting and Statement No.75 on reporting of other post-employment benefits.
- 8. District Rate and Fee Study.** The District contracted for a fee and rate study toward the end of 2023 to ensure the financial needs of the District were sufficiently met. The study was presented to the Board of Directors in January of 2024. The Board elected to adopt recommendations to the fee and rate structure to be implemented in April of 2024.

St. Vrain Sanitation District Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts:

- Management's Discussion and Analysis
- Basic Financial Statements
- Supplementary Information

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

Basic Financial Statements

Statements of Net Position

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

Recent additions to the required supplementary information section is the net pension liability calculation to comply with GASB 68 requirements and the net OPEB liability calculation to comply with GASB 75 requirements. This information can be found in footnotes 9 and 10.

The Statements of Revenues, Expenses and Changes in Net Position

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

Statements of Cash Flows

The statements of cash flows present information concerning the District's cash receipts and cash payments during the year. The statements report on the cash receipts, cash payments, and net cash from operations, investing, and capital and noncapital financing activities.

FINANCIAL ANALYSIS OF THE ST. VRAIN SANITATION DISTRICT

The financial statements of the District begin on page 10. The true picture of the financial health of the District must be tempered by the operational theory and financial control that is practiced on a daily basis by the District.

FINANCIAL POLICY PRIORITIES

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

1. Growth of the District is development driven and funded.
2. Comprehensive financial and management plan to ensure appropriate financial resource levels to support District assets and activities.
3. District administration and operations are funded from user fees.
4. Capital improvements to existing District assets and the acquisition of new assets are funded primarily through plant investment fees collected at the time of sanitary sewer connection purchase.

Plant investment fees and monthly service charge rates are reviewed annually. The current rates were reviewed and have been determined to be sufficient, to provide adequate revenues to satisfy the operations and capital construction needs of the District as well as required rate covenants to satisfy the District debt plan. The most

St. Vrain Sanitation District Management's Discussion and Analysis

recent independent rate study for the District was presented in January of 2024 and resulted in the current rate structure being adopted and implemented as of April of 2024. Subsequent monthly service charge rate increases of \$2.00 are currently scheduled to occur in 2026 and 2028. The District also charges line extension fees upon connection to various interceptor lines throughout the District. These fees are used to reimburse developers who funded the construction of specific lines, currently these fees generally range from \$725 to \$1600. The fees are increased in alternating even-numbered years. The next such increase will occur on January 1, 2026.

Day-To-Day Operational Control of the District

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

The General Government Fund was funded in 2024 by a .317 mill levy to fund the general operations of the District. The 2023 mill levy was .373 for general operations. The mill levy is determined by utilizing the state statute with a 5.5% revenue limit as well as the rules related to the Tax Payor Bill of Rights funding limits. The revenue from the mill levy increased despite the reduction in mills from \$616,041 in 2023 to \$651,241 in 2024. The resulting increase in revenue was the result of growth in the District's taxable assessed value.

The District operates as a self-supporting enterprise. The Enterprise Fund is funded by revenues received from user fees and other sources that are sufficient to cover the day-to-day operating expenses of the District. Growth of the collection system is funded by developer contributions that are sufficient to pay 100% of the cost of design and construction. The board may from time to time elect to participate in collection system expansion when it is determined to be beneficial, generally due to oversizing infrastructure to serve a larger portion of the District than is required by the developer's project.

Any District revenues contributed to expand the collection system are derived from Plant Investment Fees ("PIF") collected from new connections to the system. Reimbursement of District investment in system expansion is completed through the collection of line extension fees reimbursing the District in a primary role prior to participating developers. The enterprise fund can be further segmented into general operations and construction (capital improvements and growth).

District general operations are primarily funded from monthly user service charges and further from collection of other miscellaneous revenues received by the District. These revenues cover the daily administration, plant operations and collection line maintenance expense of the District. Capital improvements are funded from PIFs collected from users; growth is funded by the developers who are directly affected by the lines being funded.

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

St. Vrain Sanitation District Management's Discussion and Analysis

Financial Analysis

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

TABLE A
Condensed Statements of Net Position

	2024	2023	2022
Current and other assets	\$ 41,452,409	\$ 34,322,285	\$ 31,879,487
Capital assets	116,210,347	118,364,074	117,418,207
Other assets (net pension)			145,327
Total assets	157,662,756	152,686,359	149,443,021
Deferred outflows of resources relating to pensions and refunding	1,266,931	1,486,294	884,141
Current liabilities	2,384,602	1,789,049	4,046,851
Non-current liabilities	18,002,116	19,495,829	18,963,098
Total liabilities	20,386,718	21,284,878	23,009,949
Deferred inflows of resources related to pensions	34,903	47,901	1,297,748
Unearned revenue - property taxes	418,544	525,894	483,937
Total deferred inflow of resources	453,447	573,795	1,781,685
Net position			
Net investment in capital assets	100,950,347	102,264,074	100,578,207
Debt Service and Bond Reserves			
Restricted	23,290	21,487	16,747
Unrestricted	37,115,885	30,028,419	24,940,574
Total net position	\$ 138,089,522	\$ 132,313,980	\$ 125,535,528

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

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

St. Vrain Sanitation District Management's Discussion and Analysis

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

	2024	2023	2022
Wastewater treatment and collection service charges	\$ 8,682,277	\$ 8,262,587	\$ 8,158,734
Operating expenses			
General government expenses	2,035	117,110	138,133
Sewer treatment plant	2,812,085	2,561,956	2,832,441
Sewer collection	819,506	740,341	705,134
Depreciation	5,508,836	4,346,986	3,868,565
Administration	1,543,672	1,332,025	690,184
Total operating expenses	10,686,134	9,098,418	8,234,457
Loss from operations	(2,003,857)	(835,831)	(75,723)
Non-operating revenues (expenses)			
Taxes	675,273	642,646	543,232
Inclusion fees	608		1,354
Interest income	849,877	590,210	273,833
FEMA Reimbursement		603,122	
Unrealized and realized gain (loss) on investments	545,598	548,904	(1,014,899)
Interest expense	(444,882)	(482,707)	(328,459)
Total non-operating revenues (expenses)	1,626,474	1,902,175	(524,939)
Net income/loss before contributions	(377,383)	1,066,344	(600,662)
Capital contributions	6,152,925	5,712,108	4,518,484
Changes in net position	5,775,542	6,778,452	3,917,822
Net position - beginning of year	132,313,980	125,535,528	121,617,706
Net position- end of year	<u>\$ 138,089,522</u>	<u>\$ 132,313,980</u>	<u>\$ 125,535,528</u>

BUDGETARY HIGHLIGHTS

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

During 2024 the District saw operational revenues (exclusive of capital contributions) exceed budgeted revenues by 8.1% in the District Sanitary Sewer Enterprise Fund. The variance can be attributed to a continued increase in demand for sewer connections in addition to the implemented rate changes. Monthly service charges and actual plant investment fee and capital contributions met/exceeded budget indicating continued growth of the District. The 2024 budget anticipated the addition of 350 single family equivalents (sfe), while actual sewer connection sales resulted in a total of 434 additional sfes for the year. Single family equivalent sales included several non-residential customers as well as a new multifamily complex, providing District residents with additional housing options.

During 2024, total actual expenditures were less than the budgeted expenditures by \$19,698,867 in the Enterprise Fund and \$674,423 in the General Government Fund. The large variance in Enterprise expenditure was primarily the result of deferring scheduled capital projects to subsequent annual budgets, most notably the construction of the new administration and collection department facility. District management and staff are mindful of the economic concerns of its constituency and thus are conscientious in its use of District funds, enacting the financial policy of operating in a cost effective and efficient manner.

St. Vrain Sanitation District Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ACTIVITIES

Several capital projects were in process during 2024 totaling approximately 2.7 million dollars. The District spent 2024 designing the addition of a new administration building that will also house an expanded collection system department. These needed improvements will allow the District to house its growing staff and bring many functions of collection system maintenance in house thus utilizing fewer vendor consultants. Construction commenced late in 2024, and completion is anticipated in late November or early December of 2025. There have been several area developers inquiring as to receiving service from the District. This has led the District to developing plans and engineering and design of sewer line extensions. Continued growth has also led the District to begin the design of parallel lines to existing infrastructure to ensure that the District can continue to meet the sanitary sewer needs of the region. Other expenditures included IT server upgrades, IT equipment to increase the District cyber security profile and office equipment.

The District in April of 2020 issued District Wastewater Revenue Refunding and Improvement Bonds totaling \$17,205,000. These bonds allowed the District to refund the outstanding 2010 bonds (\$14,795,000) as well as providing the District with an additional \$5,000,000 for plant expansion expenses. Total outstanding debt service at the end of 2024 was \$15,260,000.

In 2015 the Board of Directors elected to retire the remaining \$1,623,315 debt due to the Colorado Water Conservation Board ("CWCB") loan originally issued to the Weld County Tri-Area Sanitation District. The District will continue to collect the debt fee from affected customers on an interest-free basis resulting in a reduction in the duration of the loan payback. This will result in savings to the customers of approximately \$975,000 over the term of the loan. The final installment to repay the loan balance is anticipated to occur during 2025 reducing the original loan term by approximately 8 years.

ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES

The Board of Directors and the management of the St. Vrain Sanitation District considered many factors when they developed the 2025 District Budget. Projected user fees, growth, and plant investment fees were all evaluated and considered before the final budget was adopted. Departmental budgets submitted by departments are reviewed and vetted by the budget team before inclusion in the final budget. These expenses are reconciled to projected revenues. With the completion of the construction project to increase plant capacity and treatment efficiency it will allow the District to meet the regional demand for the foreseeable future. The District completed the purchase of a land parcel and design phase for an expanded Administration and Collection department building to meet the expected growth in staffing and collection system maintenance. Construction of the new facility commenced in late 2024 with an anticipated completion in late 2025.

The District will enter 2025 with \$38,514,346 in cash and investments. Providing the District with the resources to complete the improvements to the collection infrastructure, construct the designed administration building and maintain reserves to adequately address future identified needs. District leadership has budgeted in 2025 funds to contract development of an updated treatment master plan. The District has also provided funding for a guided strategic planning process. The guidance of the resulting documents will help to ensure the District is able to continue to serve the regional sanitary sewer demand in an efficient and cost-effective manner.

CONTACTING THE DISTRICT

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

Basic Financial Statements

St. Vrain Sanitation District
Statements of Net Position
December 31, 2024 and 2023

Assets	2024	2023
Current assets		
Cash and cash equivalents	\$ 3,466,193	\$ 5,645,457
Investments	35,048,153	25,559,182
Property taxes receivable	418,544	525,894
Receivables, net	2,398,886	2,588,870
Prepaid expenses	<u>120,633</u>	<u>2,882</u>
Total current assets	<u>41,452,409</u>	<u>34,322,285</u>
Non-current assets		
Capital assets		
Land, other property rights, and construction in progress	7,056,981	4,522,280
Net property, plant and equipment	<u>109,153,366</u>	<u>113,841,794</u>
Total capital assets, net	<u>116,210,347</u>	<u>118,364,074</u>
Total assets	<u>\$ 157,662,756</u>	<u>\$ 152,686,359</u>
Deferred Outflows of Resources		
Unamortized deferred loss on refunding	449,561	519,838
Deferred outflows of resources relating to pensions	775,927	932,781
Deferred outflows of resources relating to OPEB	<u>41,443</u>	<u>33,675</u>
Total deferred outflows of resources	<u>1,266,931</u>	<u>1,486,294</u>
Current liabilities		
Accounts payable	1,111,673	438,299
Accrued expenses	98,160	136,188
Participants payable	279,769	374,562
Current portion of bonds payable	<u>895,000</u>	<u>840,000</u>
Total current liabilities	<u>2,384,602</u>	<u>1,789,049</u>
Non-current liabilities		
Compensated absences	111,310	77,617
Non-current portion of bonds payable	16,390,778	17,602,457
Net pension liability	1,392,395	1,703,867
Net OPEB liability	<u>107,633</u>	<u>111,888</u>
Total non-current liabilities	<u>18,002,116</u>	<u>19,495,829</u>
Total Liabilities	<u>20,386,718</u>	<u>21,284,878</u>
Deferred Inflows of Resources		
Deferred revenue - property taxes	418,544	525,894
Deferred inflows of resources relating to pensions	1,430	8,494
Deferred inflows of resources relating to OPEB	<u>33,473</u>	<u>39,407</u>
Total deferred inflows of resources	<u>453,447</u>	<u>573,795</u>
Net Position		
Net Investment in Capital Assets	100,950,347	102,264,074
Restricted:		
Emergency reserves	23,290	21,487
Unrestricted	<u>37,115,885</u>	<u>30,028,419</u>
Total net position	<u>\$ 138,089,522</u>	<u>\$ 132,313,980</u>

See accompanying notes to the financial statements.

St. Vrain Sanitation District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Wastewater treatment and collection service charges	\$ 8,682,277	\$ 8,262,587
Total operating revenues	<u>8,682,277</u>	<u>8,262,587</u>
Operating expenses		
General government expenses	2,035	117,110
Sewer treatment plant	2,812,085	2,561,956
Sewer collection	819,506	740,341
Depreciation	5,508,836	4,346,986
Administration and information technology	<u>1,543,672</u>	<u>1,332,025</u>
Total operating expenses	<u>10,686,134</u>	<u>9,098,418</u>
Operating (loss)	<u>(2,003,857)</u>	<u>(835,831)</u>
Non-operating revenues (expenses)		
Property taxes	652,300	615,639
Specific ownership taxes	22,973	27,007
Inclusion fees	608	-
Interest income	849,877	590,210
Grant revenue	-	603,122
Unrealized and realized income on investments	545,598	548,904
Interest expense	<u>(444,882)</u>	<u>(482,707)</u>
Total non-operating revenues (expenses)	<u>1,626,474</u>	<u>1,902,175</u>
Income (Loss) Before Contributions	(377,383)	1,066,344
Capital Contributions	<u>6,152,925</u>	<u>5,712,108</u>
Change in Net Position	5,775,542	6,778,452
Net position—beginning of year	<u>132,313,980</u>	<u>125,535,528</u>
Net position—end of year	<u>\$ 138,089,522</u>	<u>\$ 132,313,980</u>

See accompanying notes to the financial statements.

St. Vrain Sanitation District
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Cash received from customers	\$ 8,872,261	\$ 8,594,532
Cash paid to suppliers for goods and services	(2,422,472)	(5,021,848)
Cash paid to employees for services	(2,475,377)	(2,144,718)
Net cash from operating activities	3,974,412	1,427,966
Cash flows from noncapital financing activities		
Property taxes	652,300	615,639
Specific ownership taxes	22,973	27,007
Inclusion fees	608	-
Net cash from noncapital financing activities	675,881	642,646
Cash flows from capital and related financing activities		
Capital contributed	5,480,910	4,015,326
Acquisition of capital assets	(2,685,687)	(3,615,873)
FEMA grant reimbursement	-	603,122
Principal paid	(840,000)	(740,000)
Interest paid	(691,284)	(739,100)
Net cash from capital and related financing activities	1,263,939	(476,525)
Cash flows from investing activities		
Interest income received	849,877	590,210
Purchases of investments	(14,829,971)	(4,907,260)
Proceeds from sale of investments	5,886,598	1,376,969
Net cash from investing activities	(8,093,496)	(2,940,081)
Net change in cash and cash equivalents	(2,179,264)	(1,345,994)
Cash and cash equivalents—beginning of year	5,645,457	6,991,451
Cash and cash equivalents—end of year	\$ 3,466,193	\$ 5,645,457
Reconciliation of operating loss to net cash from operating activities		
Operating (loss)	\$ (2,003,857)	\$ (835,831)
Depreciation and amortization	5,508,836	4,346,986
Pension liability (asset) and related items	(161,682)	(61,276)
OPEB liabilities and related items	(17,957)	(17,246)
Adjustments to reconcile operating loss to net cash from operating activities		
Change in accounts receivable	192,577	331,739
Change in prepaid expense	(117,751)	415
Change in accounts payable and accrued expenses	574,246	(2,336,821)
Net cash from operating activities	\$ 3,974,412	\$ 1,427,966

See accompanying notes to the financial statements.

St. Vrain Sanitation District
Statements of Cash Flows (continued)
For the Years Ended December 31, 2024 and 2023

	2024	2023
Schedule of noncash investing, capital and financing activities		
Property contributed by developers	\$ 672,014	\$ 1,696,782
Capital assets acquired with accounts payable	-	(17,184)
Amortization of bond premium	(316,679)	(333,367)
Amortization of deferred loss	70,277	73,981
Unrealized gain on investments	545,598	548,904

See accompanying notes to the financial statements.

St. Vrain Sanitation District

Notes to Basic Financial Statements

December 31, 2024 and 2023

1. Organization

Organization

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

2. Significant Accounting Policies

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

Financial Reporting Entity

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

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

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

Basic Financial Statements

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

Basis of Accounting

The District's operations are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statements of net position. Total net position is segregated into net investment in capital assets,

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

2. Significant Accounting Policies (continued)

restricted for emergency reserves and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The District utilizes the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Cash and Cash Equivalents

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

Investments

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

Operating Revenues and Receivables

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

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances are considered past due 30 days from the invoice date. Management provides an allowance for uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. As of December 31, 2024 and 2023, \$11,551 and \$11,551 is considered to be uncollectible.

Property Taxes

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on the last day of February and June 15, or in full on April 30. The District uses the Weld County Treasurer to bill and collect its property taxes. Taxes levied in December 2024 are recorded as property taxes receivable and unearned revenue as of December 31, 2024.

Capital Assets

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

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

2. Significant Accounting Policies (continued)

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

Long-term Obligations

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

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

Accrued Compensated Absences

The District records a liability for compensated absences in accordance with GASB Statement No. 101, Compensated Absences. Under this standard, a liability is recognized for leave that has been earned and is more likely than not to be used or paid. This includes vacation and other paid time off benefits and includes salary-related payments. The amount of accrued and unpaid leave is considered a long-term liability.

The District has recorded a liability of \$111,310 and \$77,617 at December 31, 2024 and 2023, respectively.

Pensions

The District participates in the Local Government Division Trust Fund ("LGDTF"), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension (benefit)/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.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

2. Significant Accounting Policies (continued)

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions.

Other Post-Employment Benefits ("OPEB")

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

Connection Fees

Potential customers seeking to connect to the sewer treatment system must make a formal, written request to the District. If the application is approved, the applicant may purchase a tap by paying a plant investment fee ("PIF") of \$8,500 per single-family equivalent unit ("SFE"), and a line extension fee is charged depending on location. During 2024 and 2023, the line extension fee ranged from \$725 to \$2,325. Plant investment fees are recorded as capital contributions from customers and subdividers.

Budget

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

- Certain capital outlays are budgeted as expenditures;
- Depreciation is not budgeted;
- Contributed lines are not budgeted as non-operating revenue;
- Proceeds from debt issuance are budgeted as non-operating revenue;
- Debt principal retired is budgeted as non-operating expenses;
- Retirement plan adjustments related to pension and other post-employment benefits are not budgeted;
- Debt amortization is not budgeted as a non-operating expense;

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

2. Significant Accounting Policies (continued)

	<u>2024</u>	<u>2023</u>
Change in net position	\$ 5,775,542	\$ 6,778,452
Add:		
Depreciation	5,508,836	4,346,986
Bond advance refunding amortization	70,277	73,981
Less:		
Capital outlay	(2,685,687)	(3,598,858)
Contributed capital assets	(672,015)	(1,696,782)
Unrealized gain (loss) on investments	(545,598)	(548,904)
Debt principal paid on long-term debt	(840,000)	(740,000)
Pension and OPEB benefit	(179,639)	(78,522)
Accrued interest	(13,809)	-
Bond premium amortization	<u>(316,679)</u>	<u>(333,367)</u>
Excess of budget basis revenues over budget basis expenditures	<u>\$ 6,101,228</u>	<u>\$ 4,202,986</u>
 Excess of budget basis revenues over budget basis expenditures by fund:		
Sanitation Enterprise Fund	\$ 5,326,943	\$ 3,603,858
General Government Fund	<u>774,285</u>	<u>599,128</u>
Total	<u>\$ 6,101,228</u>	<u>\$ 4,202,986</u>

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

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
Business type/fund:			
General Fund	\$ 676,458	\$ -	\$ 676,458
Enterprise Fund	<u>29,284,549</u>	<u>-</u>	<u>29,284,549</u>
Total	<u>\$ 29,961,007</u>	<u>\$ -</u>	<u>\$ 29,961,007</u>

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

2. Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

The District reports deferred outflows of resources for pension and OPEB-related amounts, along with the deferred loss from refunding. See Notes 9 and 10 for additional information.

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

The District reports deferred inflows of resources relating to property taxes, pension-related amounts, and OPEB-related amounts. See Notes 9 and 10 for additional information.

Participants Payable

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

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, if any, that are attributable to the acquisition, construction or improvement of these assets, reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

2. Significant Accounting Policies (continued)

Use of Estimates

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

Reclassifications

Certain prior year amounts have been adjusted to conform to the current year presentation. These reclassifications did not have an impact to the District's change in net position.

Adoption of New Accounting Pronouncements

In 2024, the District implemented GASB Statement No. 101, Compensated Absences. This statement updates the recognition and measurement criteria for compensated absences such as vacation, sick leave, and other paid time off. Under GASB 101, a liability is recognized for leave that has been earned and is more likely than not to be used or paid, rather than only for leave that is due and payable. The implementation of this standard did not result in a material change to the District's financial statements.

3. Cash and Investments

Deposits

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

At December 31, 2024 and 2023, the District had deposits with a financial institution with a carrying amount of \$3,460,840 and \$5,640,104, respectively. The bank balances with the financial institution was \$3,460,840 and \$5,730,235, respectively. Of these amounts, \$500,000 was covered by federal depository insurance. The remaining balances of \$2,960,840 and \$5,230,235, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

3. Cash and Investments (continued)

Cash and cash equivalents held by the District consists of the following:

	<u>2024</u>	<u>2023</u>
Cash with financial institutions	\$ 3,460,840	\$ 5,640,104
Cash with county treasurer	5,153	5,153
Cash on hand	200	200
Total cash and cash equivalents	<u>\$ 3,466,193</u>	<u>\$ 5,645,457</u>

At December 31, 2024, the District had the following investments:

Investment	S&P Rating	Value	Weighted Average Maturity Date (in years)	Concentration of Credit Risk
CSAFE	AAAm	\$ 14,050,674	N/A	40.09%
Government Agencies	AA+	10,572,476	1.09	30.17%
CDs	NR	3,244,066	0.23	9.26%
US Treasury Bill	AA+	7,180,937	0.18	20.49%
Total investments		<u>\$ 35,048,153</u>		

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

Investment	S&P Rating	Value	Weighted Average Maturity Date (in years)	Concentration of Credit Risk
CSAFE	AAAm	\$ 8,282,798	N/A	32.41%
FHLB	AA+	14,423,249	1.09	56.43%
CDs	NR	1,862,533	0.23	7.29%
US Treasury Bill	AA+	990,602	0.18	3.88%
Total investments		<u>\$ 25,559,182</u>		

The District's cash deposits and investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes deposits not covered by depository insurance and uncollateralized. Category 2 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution. Category 3 includes deposits not covered by depository insurance and collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

Investments

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

3. Cash and Investments (continued)

- Obligations of the United States, and certain U.S. government agency securities.
- General obligation and revenue bonds of U.S. local government entities.
- Certain certificates of participation.
- Certain securities lending agreements.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities.
- Non-negotiable certificates of deposit
- Certain corporate debt
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

District policy is to hold investments until maturity. District policy outlines certain maturity and credit rating requirements.

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

At December 31, 2024, investment balances at fair value hierarchy are as follows:

Description	Level 1	Level 2	Level 3	Total
FHLB	\$ -	\$ 10,572,476	\$ -	\$ 10,572,476
US Treasury Bill	-	7,180,937	-	7,180,937
Certificates of Deposit	-	3,244,066	-	3,244,066
Investments measured at amortized cost	-	-	-	14,050,674
	<u>\$ -</u>	<u>\$ 20,997,479</u>	<u>\$ -</u>	<u>\$ 35,048,153</u>

At December 31, 2023, investment balances at fair value hierarchy are as follows:

Description	Level 1	Level 2	Level 3	Total
FHLB	\$ -	\$ 14,423,249	\$ -	\$ 14,423,249
US Treasury Bill	-	990,602	-	990,602
Certificates of Deposit	-	1,862,533	-	1,862,533
Investments measured at amortized cost	-	-	-	8,282,798
	<u>\$ -</u>	<u>\$ 17,276,384</u>	<u>\$ -</u>	<u>\$ 25,559,182</u>

Interest Rate Risk

Colorado state statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The District has a formal

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

3. Cash and Investments (continued)

investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment portfolio does not contain investments that exceed that limitation of five years.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District does not have a specific policy for custodial credit risk. As of December 31, 2024 and 2023, the District had no investments exposed to custodial credit risk.

Local Government Investment Pool

At December 31, 2024 and 2023, the District had invested \$14,050,674 and \$8,282,798, respectively, in CSAFE, an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE measures all of its investment at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE. CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under C.R.S. 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by C.R.S. 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under C.R.S. 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAAMmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

4. Receivables

Receivables at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Trade receivables	\$ 798,404	\$ 665,575
Accrued interest receivable	4,815	4,815
Other	1,607,218	1,930,031
Allowance for doubtful accounts	<u>(11,551)</u>	<u>(11,551)</u>
Total	<u>\$ 2,398,886</u>	<u>\$ 2,588,870</u>

5. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2024:

	Balance December 31, 2023	Additions	Retirements / Transfers	Balance December 31, 2024
Capital assets, not being depreciated:				
Land	\$ 2,659,581	\$ -	\$ -	\$ 2,659,581
Construction in progress	<u>1,862,699</u>	<u>2,534,701</u>	<u>-</u>	<u>4,397,400</u>
Total capital assets, not being depreciated	<u>4,522,280</u>	<u>2,534,701</u>	<u>-</u>	<u>7,056,981</u>
Capital assets, being depreciated:				
Building	1,090,155	-	-	1,090,155
Trunk & collection lines	71,151,130	672,015	-	71,823,145
Sewage treatment plant	86,869,268	-	-	86,869,268
Laboratory and office equipment	1,646,386	150,986	-	1,797,372
Vehicles	<u>201,687</u>	<u>-</u>	<u>-</u>	<u>201,687</u>
Total capital assets, being depreciated	<u>160,958,626</u>	<u>823,001</u>	<u>-</u>	<u>161,781,627</u>
Less accumulated depreciation for:				
Building	(424,807)	(21,804)	-	(446,611)
Trunk & collection lines	(19,144,833)	(1,451,185)	-	(20,596,018)
Sewage treatment plant	(25,933,474)	(3,953,105)	-	(29,886,579)
Laboratory and office equipment	(1,430,194)	(79,281)	-	(1,509,475)
Vehicles	<u>(183,524)</u>	<u>(6,054)</u>	<u>-</u>	<u>(189,578)</u>
Total accumulated depreciation	<u>(47,116,832)</u>	<u>(5,511,429)</u>	<u>-</u>	<u>(52,628,261)</u>
Total capital assets being depreciated, net	<u>113,841,794</u>	<u>(4,688,428)</u>	<u>-</u>	<u>109,153,366</u>
Total capital assets, net	<u>\$118,364,074</u>	<u>\$ (2,153,727)</u>	<u>\$ -</u>	<u>\$116,210,347</u>

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

5. Capital Assets (continued)

The following is a summary of capital asset activity for the year ended December 31, 2023:

	Balance December 31, 2022	Additions	Retirements / Transfers	Balance December 31, 2023
Capital assets, not being depreciated:				
Land	\$ 1,060,654	\$ 1,598,927	\$ -	\$ 2,659,581
Construction in progress	<u>44,613,833</u>	<u>1,114,117</u>	<u>(43,865,251)</u>	<u>1,862,699</u>
Total capital assets, not being depreciated	<u>45,674,487</u>	<u>2,713,044</u>	<u>(43,865,251)</u>	<u>4,522,280</u>
Capital assets, being depreciated:				
Building	1,090,154	-	-	1,090,154
Trunk & collection lines	61,962,178	9,188,952	-	71,151,130
Sewage treatment plant	49,699,991	37,169,277	-	86,869,268
Laboratory and office equipment	1,556,769	89,618	-	1,646,387
Vehicles	<u>201,687</u>	<u>-</u>	<u>-</u>	<u>201,687</u>
Total capital assets, being depreciated	<u>114,510,779</u>	<u>46,447,847</u>	<u>-</u>	<u>160,958,626</u>
Less accumulated depreciation for:				
Building	(403,003)	(21,804)	-	(424,807)
Trunk & collection lines	(17,732,426)	(1,412,407)	-	(19,144,833)
Sewage treatment plant	(23,096,757)	(2,836,717)	-	(25,933,474)
Laboratory and office equipment	(1,357,700)	(72,494)	-	(1,430,194)
Vehicles	<u>(177,173)</u>	<u>(6,351)</u>	<u>-</u>	<u>(183,524)</u>
Total accumulated depreciation	<u>(42,767,059)</u>	<u>(4,349,773)</u>	<u>-</u>	<u>(47,116,832)</u>
Total capital assets being depreciated, net	<u>71,743,720</u>	<u>42,098,074</u>	<u>-</u>	<u>113,841,794</u>
Total capital assets, net	<u>\$117,418,207</u>	<u>\$ 44,811,118</u>	<u>\$ (43,865,251)</u>	<u>\$118,364,074</u>

6. Long-Term Obligations

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2024:

	December 31, 2023	Additions	Debt Retired	December 31, 2024	Due Within One Year
Bonded Debt					
Wastewater Revenue Bonds, Series 2020	\$ 16,100,000	\$ -	\$ (840,000)	\$ 15,260,000	\$ 895,000
Other					
Compensated absences (net of change)	<u>77,617</u>	<u>33,963</u>	<u>-</u>	<u>111,580</u>	<u>-</u>
Subtotal	16,177,617	<u>\$ 33,963</u>	<u>\$ (840,000)</u>	15,371,580	895,000
Bond premium	2,342,457		(316,679)	2,025,778	
Current portion of long-term debt	<u>(840,000)</u>			<u>(895,000)</u>	
Net outstanding long-term debt	<u>\$ 17,680,074</u>			<u>\$ 16,502,358</u>	

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

6. Long-Term Obligations (continued)

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2023:

	December 31, 2022	Additions	Debt Retired	December 31, 2023	Due Within One Year
Bonded Debt					
Wastewater Revenue Bonds, Series 2020	\$ 16,840,000	\$ -	\$ (740,000)	\$ 16,100,000	\$ 840,000
Other					
Compensated absences	73,651	66,171	(62,205)	77,617	-
Subtotal	16,913,651	\$ 66,171	\$ (802,205)	16,177,617	840,000
Bond premium	2,675,824		(333,367)	2,342,457	
Current portion of long-term debt	(740,000)			(840,000)	
Net outstanding long-term debt	<u>\$ 18,849,475</u>			<u>\$ 17,680,074</u>	

Wastewater Revenue Bonds, Series 2010A and Series 2010B

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

Wastewater Revenue Refunding and Improvement Bonds, Series 2020

In April 2020, the District issued \$17.2 million in Wastewater Revenue Refunding and Improvement Bonds, Series 2020, to refund the Series 2010B bonds and finance the construction and acquisition of wastewater treatment and other System improvements. The 2020 bonds are payable from 2020 to 2040 with interest rates ranging from 3-5%. The deferred loss on refunding of \$788,624 is the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as a deferred outflow of resources, will be charged to operations through 2040 using the effective-interest method. These bonds are a special revenue obligation of the District, payable from wastewater rates, fees, standby charges, and charges from the use and operation of the system and from such other funds of the system legally available after the payment of operation and maintenance expenses of the system. Accrued interest on this debt amounted to \$55,008 and \$68,817 at December 31, 2024 and 2023, respectively and is reported in accrued expenses on the Statements of Net Position.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

6. Long-Term Obligations (continued)

The District issued the bonds to advance refund \$14.8 million of the outstanding series 2010B wastewater revenue bonds with rates ranging from 2.0% to 5.75%. The District used a portion of the net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2010A series bonds. As a result, that portion of the 2010B series bonds is considered defeased, and the District removed the liability from its accounts. The outstanding principal of the defeased bonds is \$12,529,870 and \$13,369,870 at December 31, 2024 and 2023, respectively.

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

The annual requirements to amortize all debt outstanding as of December 31, 2024 are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	895,000	660,100	1,555,100
2026	960,000	615,350	1,575,350
2027	1,030,000	567,350	1,597,350
2028	1,100,000	515,850	1,615,850
2029	1,160,000	460,850	1,620,850
2030-2033	5,475,000	1,261,800	6,736,800
2034-2038	4,050,000	383,300	4,433,300
2039-2040	590,000	26,700	616,700
Total	\$ 15,260,000	\$ 4,491,300	\$ 19,751,300

7. Rate Maintenance

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

7. Rate Maintenance (continued)

As shown below, the District is in compliance with this requirement of the 2020 Wastewater Revenue Refunding Bonds for the year ended December 31, 2024:

	2024
Operating revenues	\$ 8,682,276
Non-operating revenues	1,525,758
System connections fees (limited to 15% of revenue)	1,302,341
Total revenues as defined in bond agreement	11,510,375
Operation and maintenance expense (excluding depreciation expense)	(5,177,298)
Net revenue as defined in loan resolution	\$ 6,333,077
2024 principal due	\$ 840,000
2024 interest due	702,100
Subtotal	1,542,100
	<u>x1.25%</u>
Required revenue as defined in loan resolution	\$ 1,927,625

8. Risk Management

The District is exposed to various risks of loss related to lawsuits; torts; thefts of, damage to or destruction of assets; errors or omissions; injuries to employees; natural disasters or environmental liabilities due to the nature of its operations. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded the commercial insurance coverage in any of the past three years.

9. Public Employees Retirement Association of Colorado Pension

Summary of Significant Accounting Policies

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

9. Public Employees Retirement Association of Colorado Pension (continued)

Plan description

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

Benefits provided as of December 31, 2023

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 employee's under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

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.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

9. Public Employees Retirement Association of Colorado Pension (continued)

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contribution Provisions as of December 31, 2024

Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 1, 2023 through December 31, 2024 are summarized in the table below:

	January 1, 2023 Through December 31, 2023	January 1, 2024 Through December 31, 2024
Employee contribution	9.00%	9.00%

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

9. Public Employees Retirement Association of Colorado Pension (continued)

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

	January 1, 2023 Through December 31, 2023	January 1, 2024 Through December 31, 2024
Employer contribution rate	11.00%	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.06%	0.08%
Total employer contribution rate to the LGDTF	13.74%	13.76%

* 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 \$234,705 and \$228,971 for the years ended December 31, 2024 and 2023, respectively.

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

The net pension liability for the LGDTF was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total pension liability to December 31, 2023. The District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2023 relative to the total contributions of participating employers.

At December 31, 2024 and 2023, the District reported a liability of \$1,392,395 and \$1,703,867, respectively for its proportionate share of the net pension liability.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

9. Public Employees Retirement Association of Colorado Pension (continued)

At December 31, 2023 and 2022, the District's proportion was .18969 and .16995, respectively, which was an increase of .01974 and .0004, respectively, from its proportion measured as of December 31, 2022 and 2021, respectively.

For the years ended December 31, 2024 and 2023, the District recognized pension expense of \$73,023 and \$167,695 respectively.

At December 31, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,352	\$ 1,430
Net difference between projected and actual earnings on pension plan investments	406,585	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	59,285	-
District contributions subsequent to the measurement date	234,705	-
Total	<u>\$ 775,927</u>	<u>\$ 1,430</u>

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

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expect and actual experience	\$ -	\$ 8,494
Net difference between projected and actual earnings on pension plan investments	695,600	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,210	-
District contributions subsequent to the measurement date	228,971	-
Total	<u>\$ 932,781</u>	<u>\$ 8,494</u>

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

9. Public Employees Retirement Association of Colorado Pension (continued)

The \$234,705 reported as deferred outflows of resources related to pensions as of December 31, 2024, 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Pension amortization	
<u>Year ended December 31,</u>	<u>Amortization</u>
2024	\$ 136,682
2025	172,196
2026	342,912
2027	<u>(111,998)</u>
	<u>\$ 539,792</u>

Actuarial assumptions

The TPL in the December 31, 2022, 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%
PERA Benefit Structure Hire Prior to January 1, 2007 and DPS Benefit Structure (Automatic)	1.00%
PERA Benefit Structure Hire After December 31, 2006 (Ad Hoc, Substantively Automatic)	Finance by the Annual Increase Reserve

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

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

9. Public Employees Retirement Association of Colorado Pension (continued)

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

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

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

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

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

Disabled mortality assumptions for members other than Safety Officers 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, 2022, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

9. Public Employees Retirement Association of Colorado Pension (continued)

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

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

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

Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

9. Public Employees Retirement Association of Colorado Pension (continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, 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 FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023 and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund were \$24.967 million. The District's proportionate share of the increase in FNP as a result of this transaction was \$47,360.

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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:

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

9. Public Employees Retirement Association of Colorado Pension (continued)

As of December 31, 2024	1.00 % Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
District's Proportionate Share of the Net Pension Liability	\$ 2,729,249	\$ 1,392,395	\$ 272,562
As of December 31, 2023	1.00 % Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
District's Proportionate Share of the Net Pension Liability	\$ 2,860,364	\$ 1,703,867	\$ 735,688

Pension plan fiduciary net position

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

10. Other Post-Employment Benefits

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 (FNP) and additions to/deductions from the FNP 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.

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.

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, and 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 by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

Benefits Provided

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

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

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

PERA Benefit Structure

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

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$17,398 and \$16,998 for the years ended December 31, 2024 and 2023, respectively.

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

At December 31, 2024 and 2023, the District reported a liability of \$107,633 and \$111,888, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023 and 2022, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020 and 2021, respectively. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023 and 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2023 and 2022, respectively, relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0.01508 percent, which was an increase of 0.0013 from its proportion measured as of December 31, 2022.

At December 31, 2022, the District's proportion was 0.01370 percent, which was an increase of 0.0005 from its proportion measured as of December 31, 2021.

For the years ended December 31, 2024 and 2023 the District recognized OPEB (income)/expense of (\$559) and (\$247) respectively.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 22,060
Changes in assumptions or other inputs	1,266	-
Net difference between projected and actual earnings on OPEB plan investments	3,329	11,413
Changes in proportion and differences between contributions recognized and proportionate share of contributions	19,450	-
District contributions subsequent to the measurement date	17,398	-
Total	<u>\$ 41,443</u>	<u>\$ 33,473</u>

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

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15	\$ 27,058
Changes in assumptions or other inputs	1,798	12,349
Net difference between projected and actual earnings on OPEB plan investments	6,834	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,030	-
District contributions subsequent to the measurement date	16,998	-
Total	<u>\$ 33,675</u>	<u>\$ 39,407</u>

The \$17,398 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, 2025.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

OPEB amortization	
<u>Year ended December 31,</u>	<u>Amortization</u>
2025	\$ (9,254)
2026	(2,946)
2027	2,242
2028	(1,328)
2029	1,075
Thereafter	<u>784</u>
	<u>\$ (9,429)</u>

Actuarial assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, including wage inflation:	3.20%-11.30% in the aggregate
Long-term investment rate of return, net of OPEB investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based Premium Subsidy	0.0%
PERACare Medicare Plans	7.00 % in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A Premiums	3.50% for 2023, gradually increasing to 4.50% in 2035

Each year the per capita health care costs are developed by plan option; based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 (actual dollars) per month. All costs are subject to the health care cost trend rates, as discussed below.

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) 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 Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

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

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those 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, as discussed above.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016,

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability in 2024 and 2023 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 as of December 31, 2024 and 2023:

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

As of December 31, 2024 and 2023; respectively:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 104,544	\$107,633	\$ 110,993

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate 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	\$ 108,721	\$111,888	\$ 115,334

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, 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.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF were \$1.033 million. The District's proportionate share of the increase in FNP as a result of this transaction was \$156.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

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

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

10. Other Post-Employment Benefits (continued)

As of December 31, 2024	1.00 % Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
District's Proportionate Share of the Net OPEB Liability	\$ 127,128	\$ 107,633	\$ 90,955
As of December 31, 2023	1.00 % Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
District's Proportionate Share of the Net OPEB Liability	\$ 129,711	\$ 111,888	\$ 96,643

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

11. Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description

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

Funding Policy

The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the District has agreed to match employee contributions up to 6 percent of covered salary as determined by the Internal Revenue Service.

Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2024 and 2023 program members contributed \$150,586 and \$129,000 respectively, to the PERAPlus 401(k) Plan.

12. Board Designated Net Position

Board designated net position, which is intended to be used for specific purposes but is not legally restricted, is a component of unrestricted net position. At December 31, 2024 and 2023, the Board designated \$4,111,254 and \$3,745,147, respectively, to provide funding for a reserve for infrastructure replacements, an emergency reserve, and a debt reserve.

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

13. Commitments and Contingencies

Federal, State and Local Provisions

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

Line Extension Agreements

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

Federal, State and Local Provisions

As of December 30, 2024, the maximum reimbursements are as follows:

Line Name	District	Participants
Idaho Creek Line Extension	\$ -	\$ 1,141,456
WCR 20/ 11 Line Extension	-	102,677
Dacono/ 52 Crossing	-	194,894
Liberty Gulch Line Extension	-	2,894,858
Aurora Dairy Line Extension	-	278,250
Carlson Line Extension	216,979	219,227
Northline Extension	1,027,311	1,183,417
Graydon Line Extension	-	576,370
Knudson	-	41,684
North 66	-	141,000
Liberty Gulch Phase III Line Extension	-	877,111
WCR 26 E Line Extension	-	254,013
Wyndham Hill	-	268,633
TA Interceptor	7,609,910	-
I25 Crossing	101,880	486,751
Hidden Creek	252,618	4,368,770
Totals	\$ 9,208,698	\$ 13,029,111

St. Vrain Sanitation District
Notes to Basic Financial Statements (continued)
December 31, 2024 and 2023

14. Tabor Compliance

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances).

The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

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

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the amendment, exclude economic conditions, revenue shortfalls, or salary and fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$23,290 and \$21,487 for emergencies as defined by TABOR as of December 31, 2024 and 2023, respectively.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions, including the calculation of fiscal year spending limits, growth factors and qualifications as an Enterprise, will require judicial interpretation.

15. Subsequent Events

The District evaluated subsequent events through July 17, 2025 the date these financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosure.

Supplementary Information

St. Vrain Sanitation District
Required Supplementary Information
Last 10 years

Schedule of Proportionate Share of the Net Pension (Asset) Liability and Related Ratios

<u>Colorado PERA - Pension</u>					
<u>Year Ending*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>District's Covered Payroll</u>	<u>Net Pension Liability (Asset) as a Percent of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2015	0.17230%	1,544,379	944,151	163.57%	80.70%
12/31/2016	0.16113%	1,775,028	969,014	183.18%	76.90%
12/31/2017	0.17548%	2,369,554	1,021,310	232.01%	73.60%
12/31/2018	0.17004%	1,893,235	1,075,050	176.11%	79.37%
12/31/2019	0.16489%	2,072,981	1,079,393	192.05%	75.96%
12/31/2020	0.16641%	1,217,134	1,144,966	106.30%	86.26%
12/31/2021	0.16281%	845,832	1,192,693	70.92%	90.88%
12/31/2022	0.16950%	(145,327)	1,261,252	-11.52%	101.49%
12/31/2023	0.16995%	1,703,867	1,390,607	122.53%	82.99%
12/31/2024	0.18969%	1,392,395	1,666,460	83.55%	88.03%

Note: This schedule is intended to show information for ten years.

* The data provided in this schedule is based as of the measurement date of the District's net pension liability, which is as of 12/31 of the prior year.

Schedule of District Contributions

<u>Year Ending</u>	<u>Statutorily Required Contribution</u>	<u>Actual District Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2015	\$ 122,871	\$ 122,871	\$ -	\$ 969,014	12.68%
12/31/2016	\$ 129,502	\$ 129,502	\$ -	\$ 1,021,310	12.68%
12/31/2017	\$ 136,316	\$ 136,316	\$ -	\$ 1,075,050	12.68%
12/31/2018	\$ 136,867	\$ 136,867	\$ -	\$ 1,079,393	12.68%
12/31/2019	\$ 145,182	\$ 145,182	\$ -	\$ 1,144,966	12.68%
12/31/2020	\$ 154,080	\$ 154,080	\$ -	\$ 1,192,693	12.92%
12/31/2021	\$ 166,486	\$ 166,486	\$ -	\$ 1,261,252	13.20%
12/31/2022	\$ 187,296	\$ 187,296	\$ -	\$ 1,390,607	13.47%
12/31/2023	\$ 228,971	\$ 228,971	\$ -	\$ 1,666,460	13.74%
12/31/2024	\$ 234,705	\$ 234,705	\$ -	\$ 1,705,700	13.76%

St. Vrain Sanitation District
Required Supplementary Information
Last 10 years

Schedule of Proportionate Share of the OPEB Liability and Related Ratios

Colorado PERA - OPEB

Year Ending*	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Actual Member Payroll	OPEB Liability as a Percentage of Member Payroll	Fiduciary Net Position as a Percentage of Total OPEB Liability
12/31/2017	0.01347%	\$ 163,681	\$ 1,021,310	16.03%	16.72%
12/31/2018	0.01321%	\$ 171,711	\$ 1,075,050	15.97%	17.53%
12/31/2019	0.01279%	\$ 173,973	\$ 1,079,393	16.12%	17.03%
12/31/2020	0.01275%	\$ 143,257	\$ 1,144,966	12.51%	24.49%
12/31/2021	0.01243%	\$ 118,169	\$ 1,192,693	9.91%	32.78%
12/31/2022	0.01317%	\$ 113,623	\$ 1,261,252	9.01%	39.40%
12/31/2023	0.01370%	\$ 111,888	\$ 1,390,607	8.05%	38.57%
12/31/2024	0.01508%	\$ 107,633	\$ 1,666,460	6.46%	46.16%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in this schedule is based as of the measurement date of the District's net OPEB liability, which is as of 12/31 of the prior year.

Schedule of District Contributions

Year Ending	Statutorily Required Contribution	Actual District Contributions	Contribution Excess/(Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2016	\$ 10,849	\$ 10,849	\$ -	\$ 1,021,310	1.06%
12/31/2017	\$ 10,966	\$ 10,966	\$ -	\$ 1,075,050	1.02%
12/31/2018	\$ 11,010	\$ 11,010	\$ -	\$ 1,079,393	1.02%
12/31/2019	\$ 11,679	\$ 11,679	\$ -	\$ 1,144,966	1.02%
12/31/2020	\$ 12,165	\$ 12,165	\$ -	\$ 1,192,693	1.02%
12/31/2021	\$ 12,865	\$ 12,865	\$ -	\$ 1,261,252	1.02%
12/31/2022	\$ 14,185	\$ 14,185	\$ -	\$ 1,390,607	1.02%
12/31/2023	\$ 16,998	\$ 16,998	\$ -	\$ 1,666,460	1.02%
12/31/2024	\$ 17,398	\$ 17,398	\$ -	\$ 1,705,700	1.02%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

St. Vrain Sanitation District
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
Sanitation Enterprise Fund
For the Year Ended December 31, 2024
With Comparative Actual Amounts for the Year ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)	2023 Actual
Revenues				
Monthly sewer charges	\$ 7,142,364	\$ 7,565,337	\$ 422,973	\$ 7,084,754
Drainage debt service fees	184,464	186,969	2,505	184,061
Excess surcharges	18,000	39,912	21,912	17,207
Fines collected	1,000	4,000	3,000	1,000
Capital contributions	2,051,000	5,480,910	3,429,910	4,015,326
Inspection fees	34,800	46,840	12,040	37,080
Inclusion development fees	4,800	2,400	(2,400)	2,400
Late fees and delinquent charges	166,000	208,060	42,060	188,761
Miscellaneous charges and fees	311,250	609,699	298,449	723,684
Transfer fees	24,480	19,060	(5,420)	23,640
Nonoperating revenues:				
General fund	500,000	-	(500,000)	-
Interest	329,900	749,438	419,538	516,618
FEMA reimbursement	-	-	-	603,122
Total revenues	<u>10,768,058</u>	<u>14,912,625</u>	<u>4,144,567</u>	<u>13,397,653</u>
Expenditures				
Sewer collection:				
Payroll and benefits	921,150	607,422	313,728	513,915
Auto and truck expenses	7,000	5,550	1,450	13,151
Education and training	4,000	9,780	(5,780)	1,909
Legal	3,000	3,013	(13)	4,228
Collection lines	221,000	126,506	94,494	137,151
Inspection	114,900	30,349	84,551	19,898
Other	22,900	15,579	7,321	9,843
Consultant and consulting engineer	38,500	4,455	34,045	24,630
Locate service	15,700	16,662	(962)	15,415
Dues and subscriptions	500	190	310	201
Total sewage collection	<u>1,348,650</u>	<u>819,506</u>	<u>529,144</u>	<u>740,341</u>
Sewage treatment:				
Payroll and benefits	1,200,326	927,823	272,503	983,427
Auto and truck expense	51,900	32,687	19,213	25,005
Contract services	92,430	80,224	12,206	71,444
Testing and discharge monitoring	35,600	38,198	(2,598)	32,222
Equipment maintenance and repair	272,920	298,660	(25,740)	190,119
Laboratory supplies and equipment	43,000	33,113	9,887	23,728
Lift station	16,100	23,011	(6,911)	18,438
Plant	797,690	593,108	204,582	507,477
Utilities	703,630	654,637	48,993	573,544
Pretreatment	207,118	125,928	81,190	131,381
Telephone	6,500	4,696	1,804	5,171
Travel	1,500	-	1,500	-
Total sewage treatment	<u>3,428,714</u>	<u>2,812,085</u>	<u>616,629</u>	<u>2,561,956</u>

St. Vrain Sanitation District
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
Sanitation Enterprise Fund
For the Year Ended December 31, 2024
With Comparative Actual Amounts for the Year ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)	2023 Actual
Capital outlay:				
Capital construction costs	20,450,000	2,685,687	17,764,313	3,598,858
Contingency	<u>323,042</u>	<u>-</u>	<u>323,042</u>	<u>-</u>
Total capital outlay	<u>20,773,042</u>	<u>2,685,687</u>	<u>18,087,355</u>	<u>3,598,858</u>
Administration and information technology:				
Building maintenance and cleaning	55,600	120,943	(65,343)	65,396
Building utilities	17,100	17,751	(651)	14,596
Building security and trash	3,380	4,682	(1,302)	3,118
Office supplies	20,800	12,032	8,768	7,762
Information technology	497,600	303,343	194,257	359,702
Equipment maintenance and repairs	5,300	3,981	1,319	4,558
Postage	9,900	13,148	(3,248)	11,043
Telephone	31,200	28,895	2,305	29,229
Insurance	84,800	110,538	(25,738)	78,950
Training	21,000	11,432	9,568	3,603
Mileage and meals	10,300	11,293	(993)	9,987
Legal fees	15,000	6,942	8,058	10,200
Bank fees	19,200	17,868	1,332	17,384
Advertising and public notices	8,000	12,900	(4,900)	3,755
Licenses and fees	2,600	2,271	329	2,205
Miscellaneous	3,600	5,962	(2,362)	2,423
Payroll and benefits	844,898	973,825	(128,927)	729,864
Consultant and contracted	36,000	41,846	(5,846)	38,759
Employee Benefits	6,000	7,755	(1,755)	5,602
Dues and subscriptions	<u>15,600</u>	<u>15,904</u>	<u>(304)</u>	<u>12,411</u>
Total administration and information technology	<u>1,707,878</u>	<u>1,723,311</u>	<u>(15,433)</u>	<u>1,410,547</u>
Debt service:				
Bond service fee	400	400	-	400
Due to General fund	183,765	-	183,765	-
Debt principal paid on long-term debt	840,000	840,000	-	740,000
Interest payments on 2010 AB series	702,100	702,100	-	739,100
Contingency	<u>300,000</u>	<u>2,593</u>	<u>297,407</u>	<u>2,593</u>
Total debt service contingencies	<u>2,026,265</u>	<u>1,545,093</u>	<u>481,172</u>	<u>1,482,093</u>
Total expenditures	<u>29,284,549</u>	<u>9,585,682</u>	<u>19,698,867</u>	<u>9,793,795</u>
Excess of revenue over expenditures	<u>\$ (18,516,491)</u>	<u>\$ 5,326,943</u>	<u>\$ 23,843,434</u>	<u>\$ 3,603,858</u>

St. Vrain Sanitation District
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
General Government Fund
For the Year Ended December 31, 2024
With Comparative Actual Amounts for the Year ended December 31, 2023

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)	2023 Actual
Revenues:				
General property taxes	\$ 525,805	\$ 651,241	\$ 125,436	\$ 616,041
Refund and abatements	-	1,059	1,059	113
Specific ownership taxes	22,800	22,973	173	27,007
Earnings on investments	63,300	100,439	37,139	73,077
Transfer from Enterprise fund	183,765	-	(183,765)	-
Inclusion fees	1,200	608	(592)	-
Total revenues	<u>796,870</u>	<u>776,320</u>	<u>(20,550)</u>	<u>716,238</u>
Expenditures:				
Treasurer's fees	8,400	8,306	94	7,264
Abatements	1,200	51	1,149	65
Advancement of WW Industry	5,000	5,000	-	2,000
Advertising/public notices	1,200	-	1,200	-
Board meetings	1,800	2,671	(871)	2,018
Community outreach	12,000	15,025	(3,025)	10,092
Director fees	9,358	6,943	2,415	6,957
Miscellaneous	2,000	1,937	63	3,303
Rate study	3,000	-	3,000	65,000
Audit	21,100	21,000	100	20,000
Legal fees	100,000	126,630	(26,630)	184,879
Conferences	3,000	1,094	1,906	-
Elections	600	309	291	539
TIF expense (income)	7,800	(186,931)	194,731	(185,007)
Transfer to Enterprise fund	500,000	-	500,000	-
Total expenditures	<u>676,458</u>	<u>2,035</u>	<u>674,423</u>	<u>117,110</u>
Excess of general government fund revenues over general government fund expenditures	<u>\$ 120,412</u>	<u>\$ 774,285</u>	<u>\$ 653,873</u>	<u>\$ 599,128</u>