FREMONT SANITATION DISTRICT

FINANCIAL STATEMENTS
December 31, 2020

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS
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Board of Directors
Fremont Sanitation District
Fremont County, Colorado

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Fremont Sanitation District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fremont Sanitation District as of December 31, 2020, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Comparative Financial Information
The comparative financial information for the prior year has been presented in the accompanying financial statements in order to provide an analysis of changes in the District's financial position and operations. However, complete comparative financial information has not been presented in accordance with generally accepted accounting principles since its inclusion would make the financial statements cumbersome and difficult to read. The comparative financial information for the year ended December 31, 2019, by which a report dated June 23, 2020, expressed an unmodified opinion.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i – viii, and schedule of proportionate share of the net pension liability, the schedule of district contributions, schedule of net OPEB liability and the schedule of district OPEB contributions on pages 32 – 35, respectively, 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 performed for the purpose of forming opinions on the financial statements and related notes to financial statements that collectively comprise the Fremont Sanitation District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
April 2, 2021

Fremont Sanitation District

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ANNUAL REPORT

YEAR ENDING DECEMBER 31, 2020

Overview of the Financial Statements

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

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020

- Total Net Position, after accumulated depreciation expense increased by $1,399,829
- Depreciation expense was in the amount of $752,127.
- Total Liabilities decreased by $1,637,596.
- There was a reduction in Long Term Debt of $26,223.
- Operating Revenues increased by $258,328.
- Operating Expenses decreased by $258,967.

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

Who We Are

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

We use the term shareholder here rather than citizen or customer, because "shareholder" more accurately depicts the working relationship between the Board of Directors and District employees on one hand with the citizen customer (shareholder) on the other. Therefore, they have a vested interest in the proper maintenance and operation of the system.

The District has approximately 172.2 miles of pipes and 2,677 manholes that make up the collection system. This system transports 1.2014 billion gallons of wastewater to the treatment plant annually for treatment. Pipes range in size from 6-inch to 36-inch in diameter and are buried up to 40 feet in the ground.

As of December 31, 2020, we reported an increase of 79 new accounts which translates to 79 Equivalent Residential Units (ERU's). The District boundaries contain an estimated population (including inmates) of 36,000 people.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Statement of Net Position (page 1) includes information on the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statement of Revenues, Expenses and Changes in Fund Net Position (page 2) identifies the District's revenues and expenses for the fiscal year ended December 31, 2020. The third financial statement is the Statement of Cash Flows (page 3). This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments, capital and related financing activities. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and cash equivalent balances for the past fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT

When evaluating the financial condition of an entity the first thing to look at is the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. For 2020 the District's current assets (cash and equivalent) shows a decrease, while investments show an increase. Current Assets, which is considered to be an asset that consists of cash and other resources and is reasonably expected to be realized in cash or consumed within one year, increased by $1,232,510. Total Assets, which is defined as the total resources owned by the District, increased by $831,656. A large majority of total assets of the District resides within our system of pipelines, the Service Center and the Rainbow Park Regional Wastewater Treatment Plant. In order to maintain an acceptable accounting standard of reporting, the District had $752,127 in accumulated depreciation adjustments. As a rule of thumb if Current Assets and Total Assets are increasing, everything is probably fine. If Current or Total Liabilities begin to increase more than the Current or Total Assets accounts are, then further assessment is warranted.

REVENUES

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

Condensed Statement of Revenues

Revenue Source	2019	2020	Change Gain/ (Loss)
Residential Customers	$3,423,953	$3,609,527	$ 185,574
Commercial Customers	$ 755,028	$ 771,935	$ 16,907
Institutional (Prisons)	$1,270,620	$1,341,272	$ 70,652
Capital Recovery	$ 304,200	$ 242,075	($ 62,125)
Interest Income	$ 111,224	$ 72,541	($ 38,683)
Other Revenues	$ 837,881	$ 180,248	($ 657,633)
Total Revenues	$6,702,906	$6,217,598	($ 485,308)

Revenue for services increased by $273,133. Revenues from residential and commercial customers exceeded 2020 budget projections by 5%, while revenues from the Federal

Correctional Facility and the Department of Corrections were approximately 5% above budget projections.

EXPENSES

Condensed Statement of Expenses

	2019	2020	Change Gain/(Loss)
Waste Transmission	$1,496,581	$1,091,459	($ 405,122)
Treatment Plant	$1,162,411	$1,296,000	$ 133,589
Depreciation of System	$ 778,551	$ 752,127	($ 26,424)
Interest Expense	$ 43,219	$ 28,514	($ 14,705)
District Administration	$1,560,530	$1,649,670	$ 89,140
Total Expenses	$5,041,292	$4.817,770	($ 223,552)

CAPITAL ASSETS

As of December 31, 2020, the District had capital assets of $15,801,900. The District received $242,075 in System Development Fees during Budget Year 2020. In addition to the assets listed, the District has many miles of sanitary sewer mains, which while being fully depreciated are still operating and providing an economic benefit to the District.

Condensed Statement of Net Position

	2019	2020	Change Gain/(Loss)
Cash and Other Assets	$ 7,728,774	$ 8,961,284	$ 1,232,510
Capital Assets	$16,202,754	$15,801,900	($ 400,854)
Total Assets	$23,931,528	$24,763,184	$ 831,656
Deferred Outflows of Resources	$ 737,730	$ 382,614	($ 355,116)
Outstanding Long Term Debt	$ 877,014	$ 837,382	($ 39,632)
Net Pension Liability	$ 3,571,546	$ 2,075,263	($ 1,496,283)
Net OPEB Liability	$ 299,738	$ 244,259	($ 55,479)
Current Liabilities	$ 840,830	$ 794,628	($ 46,202)
Total Liabilities	$ 5,589,128	$ 3,951,532	($ 1,637,596)
Deferred Inflows of Resources	$ 10,335	$ 724,642	$ 714,307
Net Position			
Net Investment in Capital Assets	$15,299,149	$14,924,518	($ 374,631)
Restricted	$ 182,500	$ 186,500	$ 4,000
Unrestricted	$ 3,588,146	$ 5,358,606	$ 1,770,460
Total Net Position	$19,069,795	$20,469,624	$ 1,399,829

LONG-TERM DEBT

As of December 31, 2020, the District had $877,382 in outstanding debt principal. This amount represents a reduction in the amount of $26,223 as the result of payments during 2020. Of this outstanding debt principal amount, $877,382 is for debt incurred to provide sanitary sewer service, to (2) Local Improvement Districts (LID). Those “LIDS’’ are responsible for funding the semi-annual debt retirement payments. Monthly fees are collected from accounts within these areas in addition to the standard monthly fee the Fremont Sanitation District charges all of its customers. In January 2020, the District refinanced these notes reducing both the interest rate and the maturity date. These are 20 year notes with varying ending dates. The District has made certain covenants related to these bonds which are discussed in Note 5 on pages 13-14 of these financial statements.

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

	Budget Original 2020	Actual 2020
Revenues	$6,256,595	$6,240,711
Expenses	$6,005,695	$4,496,674

ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES

The District's Board of Directors adopted the 2021 Budget on December 15, 2020. The adopted budget contained a 5% rate increase for 2021.

Residential and Commercial System Development Fees have been estimated at $210,000 and $18,400 respectively for the 2021 Budget.

Five Year Projection

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

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

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

"PRESERVING AND PROTECTING THE AREA HEALTH AND ENVIRONMENT WHILE MEETING THE DEMANDS OF A GROWING COMMUNITY"

BASIC FINANCIAL STATEMENTS

FREMONT SANITATION DISTRICT

STATEMENT OF NET POSITION
December 31, 2020

	BUSINESS-TYPE ACTIVITIES	
	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 436,274	$ 671,279
Investments	4,040,852	2,170,444
Restricted Cash and Cash Equivalents	310,804	473,350
Restricted Investments	3,404,475	3,662,352
Accounts Receivable	669,266	668,578
Interest Receivable	-	5,568
Prepaid Expenses	-	3,182
Inventory	99,613	74,021
Total Current Assets	8,961,284	7,728,774
Capital Assets		
Capital Assets, Not Being Depreciated	1,110,179	1,050,944
Capital Assets, Net of Accumulated Depreciation	14,691,721	15,151,810
Total Capital Assets	15,801,900	16,202,754
TOTAL ASSETS	24,763,184	23,931,528
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pensions	356,840	713,293
Deferred Outflows of Resources Related to OPEB	25,774	24,437
TOTAL DEFERRED OUTFLOWS OF RESOURCES	382,614	737,730
LIABILITIES		
Current Liabilities		
Accounts and Retainages Payable	113,840	138,221
Accrued Salaries, Wages and Related Liabilities	51,013	106,157
Unearned Revenue - Service Charges	429,208	405,638
Accrued Interest Payable	3,935	5,088
Loans and Bonds Payable, Current Portion	40,000	26,591
Compensated Absences Payable - Current Portion	156,632	159,135
Total Current Liabilities	794,628	840,830
Noncurrent Liabilities		
Bonds Payable, Including Bond Premium/Discount	837,382	877,014
Net Pension Liability	2,075,263	3,571,546
Net OPEB Liability	244,259	299,738
Total Noncurrent Liabilities	3,156,904	4,748,298
TOTAL LIABILITIES	3,951,532	5,589,128
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions	681,187	6,153
Deferred Inflows of Resources Related to OPEB	43,455	4,182
TOTAL DEFERRED INFLOWS OF RESOURCES	724,642	10,335
NET POSITION		
Net Investment in Capital Assets	14,924,518	15,299,149
Restricted for Emergency Reserve	186,500	182,500
Unrestricted	5,358,606	3,588,146
TOTAL NET POSITION	$ 20,469,624	$ 19,069,795

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

FREMONT SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2020

	BUSINESS-TYPE ACTIVITIES 2020	BUSINESS-TYPE ACTIVITIES 2019
OPERATING REVENUES		
Charges for Services	$ 5,844,606	$ 5,575,376
Miscellaneous	46,855	57,757
TOTAL OPERATING REVENUES	5,891,461	5,633,133
OPERATING EXPENSES		
Waste Collection	600,566	521,346
Waste Transmission	490,893	975,235
Wastewater Treatment, Pretreatment and Laboratory	933,376	852,931
Solids Processing	89,877	72,708
Engineering	272,747	236,772
Administration		
Buildings and Grounds		
Plant	366,600	421,388
Service Center	164,166	126,476
Finance	582,857	435,951
Information Technology	280,202	296,615
Management and General	205,695	280,100
Depreciation	752,127	778,551
TOTAL OPERATING EXPENSES	4,739,106	4,998,073
OPERATING INCOME (LOSS)	1,152,355	635,060
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	72,541	111,224
Interest Expense	(28,514)	(43,219)
Health Insurance Pool Reimbursement	11,064	34,876
Gain (Loss) on Disposal	458	-
Bond Issuance Costs	(50,150)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	5,399	102,881
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,157,754	737,941
CAPITAL CONTRIBUTIONS		
Capital Grants	-	619,475
System Development Fees	242,075	304,200
TOTAL CAPITAL CONTRIBUTIONS	242,075	923,675
CHANGE IN NET POSITION	1,399,829	1,661,616
NET POSITION, Beginning, As Restated	19,069,795	17,408,179
NET POSITION, Ending	$ 20,469,624	$ 19,069,795

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

FREMONT SANITATION DISTRICT

STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2020

	BUSINESS-TYPE ACTIVITIES	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$ 5,866,744	$ 5,555,022
Miscellaneous Receipts	46,855	57,757
Cash Payments to Employees	(3,075,896)	(2,730,900)
Cash Payments to Suppliers	(1,497,860)	(2,178,356)
Net Cash Provided by Operating Activities	1,339,843	703,523
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Received from Notes Receivable	-	6,426
Acquisition of Capital Assets	(351,274)	(1,265,622)
Cash Received from Disposal of Capital Assets	458	-
Proceeds from Issuance of Long-term Debt	850,000	-
Payments on Refunding of Long-term Debt	(904,756)	-
Bond Premium	(50,150)	-
Principal Paid	(25,000)	(610,429)
Interest and Fiscal Charges Paid	23,867	(65,795)
Cash Received from Capital Grants	-	619,475
System Development Fees Received	242,075	304,200
Net Cash Provided (Used) by Capital and Related Financing Activities	(214,780)	(1,011,745)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Received from Health Insurance Pool Reimbursement	11,808	101,806
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment Activity	(1,612,531)	(604,564)
Interest Received	78,109	105,656
Net Cash Provided (Used) by Investing Activities	(1,534,422)	(498,908)
Increase (Decrease) in Cash and Cash Equivalents	(397,551)	(705,324)
CASH AND CASH EQUIVALENTS, Beginning	1,144,629	1,849,953
CASH AND CASH EQUIVALENTS, Ending	$ 747,078	$ 1,144,629
SUMMARY OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	$ 436,274	$ 671,279
Restricted Cash and Cash Equivalents	310,804	473,350
Total Cash and Cash Equivalents	$ 747,078	$ 1,144,629
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 1,152,355	$ 635,060
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	752,127	778,551
Net Change in Deferred Outflows and Inflows Related to Pensions and OPEB	(482,339)	(660,870)
Changes in Assets and Liabilities		
Accounts Receivable	(1,432)	(44,285)
Prepaid Insurance	3,182	(3,033)
Inventory	(25,592)	31,529
Accounts Payable	(24,381)	(145,192)
Accrued Salaries and Benefits	(55,144)	70,615
Deferred Revenues - Customer Service Charges	23,570	23,931
Compensated Absences Payable	(2,503)	17,217
Net Cash Provided by Operating Activities	$ 1,339,843	$ 703,523

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Fund Accounting

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The activities of the fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. The fund distinguishes operating revenues and expenses from non-operating revenues and expenses, and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

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

Assets, Liabilities and Net Position

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

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

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

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement classification represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditures) until then. The District has items related to pensions and Other Postemployment Benefits (OPEB) that are reported as deferred outflows of resources at December 31, 2020.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement classification represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until then. The District has an item related to pensions and OPEB that is reported as deferred inflows of resources at December 31, 2020.

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

- Net Investment in Capital Assets – The net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the long-term debt issued to acquire, construct, or improve the related capital assets. The long-term debt attributable to the unspent long-term debt proceeds at the end of the year is excluded from the calculation. Instead it is included in the same net position component as the unspent proceeds.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Unrestricted – This classification includes the residual net position that does not meet the classification of "net investment in capital assets" or "restricted."

Pensions

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions (Continued)

The Colorado General Assembly passed significant pension reform though 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. Some, but not all, of these changes were in effect as of December 31, 2020.

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

Use of Estimates

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

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2020 through April 2, 2021, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

Concentration of Customer Risk

The District receives approximately 23% of its sewer service revenues from two customers, Colorado Department of Corrections and Federal Correction Center. The loss of this revenue, if it were to occur could significantly affect the District's operations. District management does not expect the relationship with the two customers to change in the near future.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- In October, management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1.
- The operating budget includes proposed expenditures and the means of financing them.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within the fund. However, any revisions that alter the total expenditures of the fund must be approved by the Board of Directors.
- The budget is legally adopted by the District. The budget is adopted on a non-GAAP budgetary basis. Capital outlay and long-term debt principal payments are budgeted as expenditures, and depreciation, and amortization of debt issue costs are not budgeted. Deferred revenues are reported as revenue for budgetary presentation.
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

NOTE 3: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2020, follows:

Petty Cash	$ 500
Cash Deposits	4,053,883
Investments	4,138,022
Total	$ 8,192,405

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

Cash and Cash Equivalents	$ 436,274
Investments	4,040,852
Restricted Cash and Cash Equivalents	310,804
Restricted Investments	3,404,475
Total	$ 8,192,405

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to $250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2020, the District had deposits totaling $4,091,504 of which $3,099,276 were collateralized with securities held by the financial institutions' agents but not in their name.

Investments

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

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

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

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

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

At December 31, 2020 the District had the following investments:

	Maturity	2020
Colorado Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 days	$ 4,138,022

The District invested in the Colorado Government Liquid Asset Trust (COLOTRUST) (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers share in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAA by Standard and Poor's. COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted Cash and Investments

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

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020, is summarized below:

	Balances 12/31/2019	Additions	Deletions	Balances 12/31/2020
Capital Assets, not being depreciated				
Land, Rights of Way and Water Rights	$ 1,050,944	$ -	$ -	$ 1,050,944
Construction in Progress	-	59,235	-	59,235
Total Capital Assets, not being depreciated	1,050,944	59,235	-	1,110,179
Capital Assets, being depreciated				
Transmission System	26,886,165	31,477	-	26,917,642
Treatment Plant	13,790,518	-	-	13,790,518
Buildings and Improvements	5,340,914	-	-	5,340,914
Transportation Equipment	397,156	211,972	93,913	515,215
Equipment	1,857,271	54,726	89,998	1,821,999
Total Capital Assets, being depreciated	48,272,024	298,175	183,911	48,386,288
Less accumulated depreciation				
Transmission System	(15,268,601)	(512,991)	-	(15,781,592)
Treatment Plant	(13,753,373)	(36,914)	-	(13,790,287)
Buildings and Improvements	(3,160,231)	(118,305)	-	(3,278,536)
Transportation Equipment	(389,969)	(29,446)	(93,913)	(325,502)
Equipment	(548,040)	(54,472)	(83,862)	(518,650)
Total accumulated depreciation	(33,120,214)	(752,128)	(177,775)	(33,694,567)
Total Capital Assets, being depreciated, net	15,151,810	(453,953)	6,136	14,691,721
Total Capital Assets, net	$ 16,202,754	$ (394,718)	$ 6,136	$ 15,801,900

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Due Within One Year
Revenue Bonds, Series 1999A	$ 505,867	$ -	$ 505,867	$ -	$ -
Revenue Bonds, Series 2003A	398,890	-	398,890	-	-
Refunding Revenue Bonds, Series 2020A	-	465,000	15,000	450,000	25,000
Refunding Revenue Bonds, Series 2020B	-	385,000	10,000	375,000	15,000
Bond Discount	(1,152)	-	(1,152)	-	-
Bond Premium	-	55,280	2,898	52,382	-
	903,605	905,280	931,503	877,382	40,000
Compensated Absences Payable	159,135	182,863	185,366	156,632	156,632
Total	$ 1,062,740	$ 1,088,143	$ 1,116,869	$ 1,034,014	$ 196,632

NOTE 5: LONG-TERM DEBT (Continued)

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

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

1999A Wastewater Enterprise Revenue Bonds were issued to finance the construction of sanitary sewer improvements in the Fremont County Sanitary Sewer Line Extension LID No. 1997-1. Principal and interest payments were due semi-annually on May 19 and November 19, through May 19, 2039. Interest accrued at 4.5% per annum. The Bonds were refunded on January 7, 2020.

2003A Wastewater Enterprise Revenue Bonds were issued to finance the construction of sanitary sewer improvements in the Fremont County Four Mile Area Sewer Line Extension LID No. 2001-1. Principal and interest payments were due semi-annually on May 19 and November 19, through May 19, 2043. Interest accrued at 4.5% per annum. The Bonds were refunded on January 7, 2020.

Pledged Revenues - These loans and revenue bonds are payable solely from revenues of the District's sewer system after deducting operating and maintenance costs, excluding depreciation. During the year ended December 31, 2020, net revenues of $1,489,285 was available to pay the respective annual debt service of $53,514.

Restricted Covenants – The Wastewater Enterprise Revenue Bonds' covenants require the District to maintain cash reserves for the related current and future debt service. The District had restricted cash of $68,169 at December 31, 2020 to satisfy this requirement.

NOTE 5: LONG-TERM DEBT (Continued)

Annual debt service requirements for the outstanding loans and revenue bonds at December 31, 2020 are as follows:

Year Ended December 31	Principal	Interest	Total
2021	$ 40,000	$ 27,650	$ 67,650
2022	40,000	26,750	66,750
2023	40,000	25,850	65,850
2024	40,000	24,950	64,950
2025	40,000	24,050	64,050
2026 - 2030	205,000	98,500	303,500
2031 - 2035	250,000	60,200	310,200
2036 - 2040	145,000	17,300	162,300
2041	25,000	500	25,500
	$ 825,000	$ 305,750	$ 1,130,750

NOTE 6: RETIREMENT COMMITMENTS

Multiple-Employer Defined Benefit Pension Plan

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

Benefits Provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

NOTE 6: RETIREMENT COMMITMENTS (Continued)

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00% for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 1.25%, unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive the lessor of an annual increase of 1.25% or the average CPI for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to one-quarter of 1% based on the parameters specified C.R.S. § 24-51-413.

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

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

NOTE 6: RETIREMENT COMMITMENTS (Continued)

Contribution provisions as of December 31, 2019. Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Employee contribution rates for the period January 1, 2019 through December 31, 2020 are summarized in the table below:

	January 1, 2019 through December 31, 2019	January 1, 2020 through June 20, 2020	July 1, 2020 through December 31, 2020
Employee Contribution Rate	8.00%	8.00%	8.50%
State Troopers Only	N/A	10.00%	10.50%

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

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

	January 1, 2020 through June 20, 2020	July 1, 2020 through December 31, 2020
Employer Contribution Rate	10.00%	10.50%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount Apportioned to the SCHDTF	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-1411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-1411	1.50%	1.50%
Total Employer Contribution Rate to the SCHDTF	12.68%	13.18%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were $247,765 for the year ended December 31, 2019.

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

At December 31, 2020 the District reported a liability of $2,075,263 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard updated procedures were used to roll forward the total pension liability to December 31, 2019. The District's proportion of the

NOTE 6: RETIREMENT COMMITMENTS (Continued)

net pension liability was based on District contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the District's proportion was .28378%, which was a decrease of .00034% from its proportion measured as of December 31, 2018. For the year ended December 31, 2019, the District recognized pension income of $464,796. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 75,176	$ -
Net difference between projected and actual earnings on pension plan investments	-	(679,214)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,068	(1,973)
Contributions subsequent to the measurement date	277,596	-
Total	$ 356,840	$ (681,187)

$277,596 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2021	$ (106,702)
2022	(155,634)
2023	(169,804)
2024	(169,803)

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation:	2.40%
Real wage growth:	1.10%
Wage inflation:	3.50%
Salary increases, including wage inflation:	3.50% – 10.45%

NOTE 6: RETIREMENT COMMITMENTS (Continued)

Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation:	7.25%
Discount rate:	7.25%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07:	1.25% compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic):	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Post-retirement non-disabled mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

NOTE 6: RETIREMENT COMMITMENTS (Continued)

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

NOTE 6: RETIREMENT COMMITMENTS (Continued)

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the additional 0.50% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 additional 0.50% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020, Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ration reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50% to 1.25%, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

NOTE 6: RETIREMENT COMMITMENTS (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of Net Pension Liability	$ 3,812,104	$ 2,075,263	$ 614,596

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

Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy. The Voluntary Investment Program is funded by voluntary contributions of up to a maximum limit set by the IRS, as established under Title 24, Article 51, Section 1402, of the CRS, as amended. The District does not make contributions to the 401(k) Plan. For the year ended December 31, 2019, program members contributed $37,336.

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

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

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

authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

PERA Benefit Structure. The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. 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.

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $19,930 for the year ended December 31, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At December 31 2020, the District reported a liability of $244,259 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.02173%, which was a decrease of 0.0003% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized OPEB income of $17,543. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 677	$ (34,271)
Net difference between projected and actual earnings on pension plan investments	-	(3,260)
Changes of assumptions or other inputs	1,692	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,113	(5,924)
Contributions subsequent to the measurement date	22,292	-
Total	$ 25,774	$ (43,455)

$22,292 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2021	$ (8,737)
2022	(8,737)
2023	(7,619)
2024	(7,507)
2025	(7,360)
2026	(13)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method:	Entry age
Price inflation:	2.40%
Real wage growth:	1.10%
Wage inflation:	3.50%
Salary increases, including wage inflation:	3.50% in aggregate
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation:	7.25%
Discount rate:	7.25%
Health care cost trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.60% in 2019, gradually decreasing to 4.5% in 2029
Medicare Part A premiums	3.50% for 2019, gradually increasing to 4.5% in 2025

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

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$ 601	$ 240
Kaiser Permanente Medicare Advantage HMO	605	237

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

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$ 562
Kaiser Permanente Medicare Advantage HMO	571

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, 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 Premium
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93% factor applied to rates for ages less than 80, a 113% factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

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

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERA Care 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	$ 276,184	$ 244,259	$ 216,956

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of Net OPEB Liability	$ 238,457	$ 244,259	$ 250,964

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

NOTE 8: RISK MANAGEMENT

Public Entity Risk Pool

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

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

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool.

It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverages at reasonable costs.

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

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

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

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

The District has established an emergency reserve, representing 3% of fiscal year spending, as required by the Amendment. At December 31, 2020, the emergency reserve of $186,500, was reported as a restriction of net position in the statement of net position.

Uncertainty – Coronavirus Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken by government and public health officials to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in many countries, including the geographical area in which the District is located. It is unknown how long these conditions will last and what the complete financial impact will be to the District.

REQUIRED SUPPLEMENTARY INFORMATION

FREMONT SANITATION DISTRICT

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

	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability	0.28374%	0.28408%	0.28190%	0.29288%	0.30050%	0.30468%	0.30075%
Proportionate Share of the Net Pension Liability	$ 2,075,263	$ 3,571,546	$ 3,138,725	$ 3,954,880	$ 3,310,276	$ 2,730,889	$ 2,474,929
Total Covered Payroll	$ 1,953,983	$ 1,860,505	$ 1,775,223	$ 1,709,483	$ 1,706,616	$ 1,669,095	$ 1,594,155
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	106.21%	191.97%	176.81%	231.35%	193.97%	163.61%	155.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.26%	75.96%	79.37%	73.65%	76.87%	80.72%	77.66%
Total Pension Liability	$ 5,324,353,000	$ 5,228,602,000	$ 5,396,516,000	$ 5,123,847,000	$ 4,762,090,000	$ 4,647,777,000	$ 4,517,239,000
Plan Fiduciary Net Position	4,592,962,000	3,971,389,000	4,283,086,000	3,773,506,000	3,660,509,000	3,751,468,000	3,508,312,000
Net Pension Liability	$ 731,391,000	$ 1,257,213,000	$ 1,113,430,000	$ 1,350,341,000	$ 1,101,581,000	$ 896,309,000	$ 1,008,927,000

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

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

See the accompanying Independent Auditor's Report.

FREMONT SANITATION DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS
PERA Pension Plan
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 247,765	$ 236,265	$ 235,912	$ 225,098	$ 216,763	$ 216,399	$ 211,695
Contributions in Relation to the Contractually Required Contribution	247,765	236,265	235,912	225,098	216,763	216,399	211,695
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Covered Payroll	$ 1,953,983	$ 1,863,290	$ 1,860,505	$ 1,775,223	$ 1,709,483	$ 1,706,616	$ 1,669,095
Contributions as a Percentage of Total Covered Payroll	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

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

See the accompanying Independent Auditor's Report.

Fremont Sanitation District

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OTHER POST EMPLOYMNT BENEFIT LIABILITY
PERA HCTF OPEB Plan
Last Ten Years*

	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.02173%	0.02203%	0.02190%	0.02248%
Proportionate Share of the Net OPEB Liability (Asset)	$ 244,259	$ 299,738	$ 284,674	$ 291,494
Total Covered Payroll	$ 1,953,983	$ 1,863,290	$ 1,858,345	$ 1,778,326
Proportionate Share of Net OPEB Liability as a Percentage of its Covered Employee Payroll	12.50%	16.09%	15.32%	16.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17.03%	17.03%	17.53%	16.72%
Total OPEB Liability	$ 1,639,734,000	$ 1,639,734,000	$ 1,575,822,000	$ 1,556,762,000
Plan Fiduciary Net Position	279,192,000	279,192,000	276,222,000	260,228,000
Net OPEB Liability	1,360,542,000	1,360,542,000	1,299,600,000	1,296,534,000

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

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

Fremont Sanitation District

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

	2020	2019	2018	2017
Contractually Required Contribution	19,931	19,006	18,955	18,139
Contributions in Relation to the Contractually Required Contribution	19,931	19,006	18,955	18,139
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Total Covered Payroll	1,953,983	1,863,290	1,858,345	1,778,326
Contributions as a Percentage of Total Covered Payroll	1.02%	1.02%	1.02%	1.02%

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

See the accompanying Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

FREMONT SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - (Non-GAAP BASIS)
WITH RECONCILIATION TO GAAP BASIS
Year Ended December 31, 2020
(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			2019
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Operating				
Sewer Service Charges	$ 5,879,643	$ 5,868,176	$ (11,467)	$ 5,599,307
Miscellaneous	19,170	46,855	27,685	57,757
Non-Operating				
Capital Grants	-	-	-	619,475
Investment Income	83,000	72,541	(10,459)	111,224
System Development Fees	190,900	242,075	51,175	304,200
Health Reinsurance Pool Reimbursement	33,882	11,064	(22,818)	34,876
Reserves	50,000	-	(50,000)	-
TOTAL REVENUES	6,256,595	6,240,711	(15,884)	6,726,839
EXPENDITURES				
Plant Operations				
Construction				
Personnel Services	436,523	368,029	68,494	322,957
Operating Expenses	84,340	56,756	27,584	85,503
Capital Outlay	175,824	527,055	(351,231)	139,557
Total Construction	696,687	951,840	(255,153)	548,017
Transmission				
Personnel Services	529,496	446,133	83,363	383,372
Operating Expenses	113,780	44,760	69,020	591,863
Capital Outlay	250,000	-	250,000	1,238,951
Total Transmission	893,276	490,893	402,383	2,214,186
Treatment Plant				
Personnel Services	759,275	624,524	134,751	505,400
Operating Expenses	796,993	110,917	686,076	165,271
Total Treatment Plant	1,556,268	735,441	820,827	670,671
Solids Processing				
Operating Expenses	87,022	89,877	(2,855)	72,708
Total Solids Processing	87,022	89,877	(2,855)	72,708
Laboratory				
Personnel Services	92,445	78,512	13,933	70,495
Operating Expenses	39,330	28,484	10,846	30,711
Total Laboratory	131,775	106,996	24,779	101,206
Pretreatment				
Personnel Services	79,340	73,678	5,662	54,429
Operating Expenses	48,026	17,261	30,765	26,625
Total Pretreatment	$ 127,366	$ 90,939	$ 36,427	$ 81,054

(Continued)

See the accompanying Independent Auditor's Report.

FREMONT SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - (Non-GAAP BASIS)
WITH RECONCILIATION TO GAAP BASIS
Year Ended December 31, 2020
(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			2019
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
EXPENDITURES (Continued)				
Plant Operations (Continued)				
Engineering				
Personnel Services	$ 318,782	$ 267,544	$ 51,238	$ 230,263
Operating Expenses	10,195	5,203	4,992	6,509
Capital Outlay	21,000	-	21,000	-
Total Engineering	349,977	272,747	77,230	236,772
Total Plant Operations	3,842,371	2,738,733	1,103,638	3,924,614
Administration				
Buildings and Grounds - Plant				
Personnel Services	-	-	-	-
Operating Expenses	510,357	366,600	143,757	421,388
Operating Expenses	22,000	-	22,000	-
Total Building and Grounds - Plant	532,357	366,600	165,757	421,388
Buildings and Grounds - Service Center				
Personnel Services	92,090	77,289	14,801	69,582
Operating Expenses	134,906	86,877	48,029	56,894
Total Buildings and Grounds - Service Center	226,996	164,166	62,830	126,476
Board Services				
Personnel Services	13,018	7,791	5,227	6,739
Operating Expenses	14,500	4,568	9,932	8,633
Total Board Services	27,518	12,359	15,159	15,372
Finance				
Personnel Services	406,304	346,576	59,728	227,370
Operating Expenses	264,055	236,281	27,774	208,581
Total Finance	670,359	582,857	87,502	435,951
District Management				
Personnel Services	185,762	151,613	34,149	204,743
Operating Expenses	31,225	41,723	(10,498)	59,985
Total District Management	216,987	193,336	23,651	264,728
Information Technology				
Personnel Services	110,210	94,221	15,989	82,512
Operating Expenses	206,034	185,981	20,053	190,103
Capital Outlay	14,300	-	14,300	24,000
Total Information Technology	330,544	280,202	50,342	296,615
Total Administration	2,004,761	1,599,520	405,241	1,560,530

(Continued)

See the accompanying Independent Auditor's Report.

FREMONT SANITATION DISTRICT

BUDGETARY COMPARISON SCHEDULE - (Non-GAAP BASIS)
WITH RECONCILIATION TO GAAP BASIS
Year Ended December 31, 2020
(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			2019
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
Debt Service				
Principal Payments	$ 59,931	$ 79,757	$ (19,826)	$ 610,429
Interest and Fiscal Charges	98,632	28,514	70,118	43,219
Bond Issuance Costs	-	50,150	(50,150)	-
Total Debt Service	158,563	158,421	142	653,648
Capital Reserves				
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	6,005,695	4,496,674	1,509,021	6,138,792
CHANGE IN NET POSITION, Budgetary Basis	$ 250,900	1,744,037	$ 1,493,137	588,047
ADJUSTMENTS TO GAAP BASIS				
Unearned Revenue:				
Sewer Service Charges - Prior Year		405,638		381,707
Sewer Service Charges - Current Year		(429,208)		(405,638)
Capital Outlay		351,274		1,265,622
Depreciation		(752,127)		(778,551)
Principal Payments on Long-term Debt		25,000		610,429
Payments on Refunding Long-term Debt		904,757		-
Proceeds from Issuance of Long-term Debt		(850,000)		-
Gain (Loss) on Disposal of Capital Assets		458		-
CHANGE IN NET POSITION, GAAP Basis		1,399,829		1,661,616
NET POSITION, Beginning		19,069,795		17,408,179
NET POSITION, Ending		$ 20,469,624		$ 19,069,795

See the accompanying Independent Auditor's Report.