

**Estes Park Sanitation District  
December 31, 2016**



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**CARL HENDERSON  
CERTIFIED PUBLIC ACCOUNTANT  
a Professional Corporation**

Estes Park Sanitation District  
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Estes Park Sanitation District  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2016

As management of the Estes Park Sanitation District, we offer readers of the District financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

**Overview of Annual Financial Report**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance.

The financial statements include a statement of net assets; a statement of revenues, expenses, and net assets; a statement of cash flows; and notes to the financial statements.

The *statement of net position* presents the financial position of the District on a full accrual historical cost basis. The statement of net position provides information about the nature and amount of resources and obligations at year-end.

The *statement of revenues, expenses, and net assets* presents the results of the business activities over the course of the fiscal year and information as to how the net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the District's recovery of its costs.

The *statement of cash flows* presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The *notes to the financial statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

The *supplementary information* includes the schedules of expenses and schedules of budgetary comparison provide the detail of District expenses and the comparison of budget items for the year with actual.

Estes Park Sanitation District  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2016

**Financial Highlights**

In addition to operational and administrative expenses, our annual budget process attempts to address the District's short-term and long-term capital needs. Operational revenues annually provide for many improvements associated with short-term goals. But long term capital improvements require a process of setting aside revenue through reserves and possible financing. We will continue to set aside reserves to help us minimize our financing needs. Also the District property on Devils Gulch Road is for sale. The proceeds will be used for future capital requirements. Liquidity associated with the property sale is an issue, but we are comfortable with a patient approach.

- The District treated 180.334 million gallons of wastewater in 2016, a decrease of approximately 5.3% from 2015. Flows in 2015 were high due to a private service line break across Fall River that may have contributed as much as 10 million gallons of wastewater to the yearly total.
- Commercial billing was up 9.3 % from 2015. Commercial customers experienced a very good year as Colorado's economy continued to grow at a strong pace.
- Total System Investment Fee (SIF) revenue was \$180,340. This was a decrease of 12.9% from 2015. However this was still the second largest year on record for the District.
- During the 2015 Fall River service line break, staff televised and cleaned the Elkhorn Avenue main numerous times. The close inspection led us to believe that a section of the line should be replaced before a much larger problem could occur. The replacement was very expensive on a per foot basis. The second half of the line will be replaced in 2017.
- Our headworks project was finally completed. From planning stage to completion the project took nearly five years and approximately \$5.5 million. The project was very positive for our facility and our effluent quality has never been better.
- Total assets at year-end were \$8.971 million. Assets net of liabilities equaled \$4.725 million.
- Operating revenues increased 3.11% or \$43,041 to \$1,425,422.
- Operating expenses without depreciation were under budget by \$59,152 which is 5.53% under the budgeted expenses.
- The District had net operating income of \$189,935.

**Capital Asset and Debt Administration**

As of December 31, 2016 the District's investment in capital assets was \$7,248,897 (net of accumulated depreciation). This investment in capital assets includes land and

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MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2016

easements, an administrative office, wastewater treatment facility and improvements, collection system, maintenance equipment and construction in progress.

Major capital assets constructed and/ or purchased during 2016 included the following:

- The District completed on our new headworks facility. In addition to headworks improvements such as grit removal, advanced screening and chemical addition we made improvements to our effluent that will enable us to meet new CDPHE stream standards. DAF filtration, UV disinfection, odor control and replacement of the existing electrical components in our facility were included in the project.

**Future Events that will financially Impact the District**

Financing was required to construct our new headworks building. The loans were executed with the CWRPDA for 20 years @ 2% - very favorable terms. Annual loan payments of \$257,080 will be required going forward. While loan costs are known, the increase in operational costs is still at an estimate stage.

Other challenges the District faces are:

- The rapidly rising costs associated with infrastructure replacement.
- Maintaining and replacing staff. Housing costs have created a difficult situation for the hiring of employees.
- Nutrient removal in our effluent is being closely studied. Much of the Districts resources will be channeled towards very challenging requirement.

**Contacting the District's Financial Management**

The financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

James Duell, District Manager  
Estes Park Sanitation District  
PO Box 722  
Estes Park, CO 80517

The physical address of the office is 1201 Graves Avenue. The office phone number is (970) 586-2866.

Carl Henderson, CPA P.C.  
Certified Public Accountant  
a Professional Corporation  
5455 Hwy 36 Box 4515  
Estes Park, CO 80517  
970 586-5008

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Estes Park Sanitation District  
Estes Park, CO 80517

I have audited the accompanying financial statements of Estes Park Sanitation District as of and for the year ended December 31, 2016, 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 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**

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

An audit involves performing procedures to obtain audit 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Estes Park Sanitation District as of December 31, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i-iii and 15-18 are 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Management Discussion and Analysis and Supplemental Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Management Discussion and Analysis and Supplemental Information are the responsibility of management and were derived from and relate 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 my opinion, the Management Discussion and Analysis and Supplemental Information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Management Discussion and Analysis and Supplemental Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

*CARL HEDBERGSON, CPA P.C.*

Estes Park, CO  
May 24, 2017

Estes Park Sanitation District  
Statement of Net Position  
December 31, 2016 and 2015

	<b>Assets</b>	<u>2016</u>	<u>2015</u>
<b>Current</b>			
Cash		\$ 86,137	\$ 40,102
Investments		1,387,143	1,381,357
Accounts receivable, user fees		221,270	177,262
Accounts receivable, other		47	89
Amount receivable from revenue note payable		-	612,409
Notes receivable		1,612	2,276
Inventories		<u>26,488</u>	<u>26,441</u>
Total current assets		1,722,697	2,239,936
<b>Utility Plant in Service</b>			
Total assets		<u>7,248,897</u>	<u>2,972,421</u>
		<u>\$ 8,971,594</u>	<u>\$ 5,212,357</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Current portion of long term liabilities		\$ 175,267	\$ 11,965
Accounts payable		39,488	511,290
Accrued expenses payable		<u>72,187</u>	<u>58,925</u>
Total current liabilities		<u>286,942</u>	<u>582,180</u>
<b>Long Term Liabilities</b>			
Revenue note payable		4,134,235	729,760
Amount shown currently		<u>(175,267)</u>	<u>(11,965)</u>
		<u>3,958,968</u>	<u>717,795</u>
Total liabilities		<u>4,245,910</u>	<u>1,299,975</u>
<b>Net Position</b>			
Investment in capital assets		3,114,662	2,242,661
Unrestricted, designated		1,192,576	1,294,666
Unrestricted, undesignated		<u>418,446</u>	<u>375,055</u>
Total net position		<u>4,725,684</u>	<u>3,912,382</u>
Total liabilities and net position		<u>\$ 8,971,594</u>	<u>\$ 5,212,357</u>

The accompanying footnotes are an integral part of these financial statements.

Estes Park Sanitation District  
Statement of Revenues, Expenses and Net Position  
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Revenue</b>		
User fee income	\$ 1,326,211	\$ 1,283,140
FOG non-compliance fees	22,570	20,806
Lift station fees	7,860	7,860
Account maintenance fee	45,050	45,210
Miscellaneous income	<u>23,731</u>	<u>25,365</u>
	<u>1,425,422</u>	<u>1,382,381</u>
 <b>Expenses</b>		
Treatment	638,184	545,396
Collection	345,418	447,988
Administration	<u>252,885</u>	<u>205,456</u>
Total operating expenses	<u>1,236,487</u>	<u>1,198,840</u>
<b>Net operating income (loss) before other income</b>	<u>188,935</u>	<u>183,541</u>
 <b>Other income</b>		
Contributions in aid of construction	438,620	35,400
Interest income	4,807	1,863
Gain (loss) sale of assets	600	3,850
System development fees	<u>180,340</u>	<u>207,152</u>
Total other income	<u>624,367</u>	<u>248,265</u>
<b>Increase (decrease) in net position</b>	813,302	431,806
Net position, beginning	<u>3,912,382</u>	<u>3,480,576</u>
Net position, ending	<u>\$ 4,725,684</u>	<u>\$ 3,912,382</u>

The accompanying footnotes are an integral part of these financial statements.

Estes Park Sanitation District  
Statement of Cash Flows  
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$ 1,381,414	\$ 1,380,744
Payments to suppliers	(785,553)	117,390
Payments to employees	<u>(682,290)</u>	<u>(636,671)</u>
Net cash provided by operating activities	<u>(86,429)</u>	<u>861,463</u>
<b>Cash Flow From Noncapital Financing Activities</b>		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Amount receivable from revenue note payable	612,409	(612,409)
Additions to fixed assets	(4,503,001)	(1,007,049)
Revenue note payable increase	3,404,475	729,760
Contributions in aid of construction	438,620	35,400
Gain (loss) sale of assets	600	3,850
System development fees received	<u>180,340</u>	<u>207,152</u>
Net cash used for capital and related financing activities	<u>133,443</u>	<u>(643,296)</u>
<b>Cash Flows From Investing Activities</b>		
Decrease (Increase) of investments	(5,786)	(564,139)
Interest income received	<u>4,807</u>	<u>1,863</u>
Net cash provided by (used for) investing activities	<u>(979)</u>	<u>(562,276)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	46,035	(344,109)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>40,102</u>	<u>384,211</u>
End of year	<u>\$ 86,137</u>	<u>\$ 40,102</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 188,935	\$ 183,541
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	226,525	163,814
Change in assets and liabilities:		
Receivables	(43,302)	(28,556)
Prepaid expenses	-	1,447
Inventory	(47)	(1,555)
Accounts payable	(471,802)	(17,725)
Accrued expenses payable	<u>13,262</u>	<u>2,983</u>
Net cash provided by operating activities	<u>\$ (86,429)</u>	<u>\$ 303,949</u>

The accompanying footnotes are an integral part of these financial statements.

Estes Park Sanitation District  
Notes to Financial Statements

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Estes Park Sanitation District have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial principles. The more significant of the District's accounting policies are described below.

**Form of Organization**

Estes Park Sanitation District is an independent governmental entity organized in April 1940, under the provisions of the Colorado Revised Statutes. The District's Board of Directors is elected by residents of the District and has the responsibilities for designation of management, operational decisions, and budget matters. The District is fully responsible for its financial matters and is not financially interdependent with another governmental unit. Revenues are derived by service charges determined by the Board. The District exists for the benefit of its residents and activities of the District are generally available to the residents of the District.

**Financial Reporting Entity**

All the foregoing criteria indicate that Estes Park Sanitation District is a separate and distinct unit of government even though it operates within the boundaries of Larimer County and the Town of Estes Park, Colorado. There are no component units that should be included in these financial statements.

**Basis of Accounting**

The accounting policies of the District conform to generally accepted accounting principles as applicable to enterprise funds. The following is a summary of the significant policies:

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

The Estes Park Sanitation District follows the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Enterprise funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included in the balance sheet. The reported fund equity (total net position) is segregated into amounts investment in capital assets and unrestricted net position components. The operating statement presents increases (revenue) and decreases (expenses) in total net position.

**Budgets and Budgetary Accounting**

Annual budgets are adopted as required by Colorado Statutes. Formal budgetary integration is employed as a management control device during the year. Prior to September the Department Heads submit their budgets to the Budget Officer, who is designated as the person responsible for the budget. Prior to October 15th, the District Manager submits the budgets to the District Board. Prior to December 15th the District Board after reviewing the budgets adopts the budget with a certified copy sent to the Division of Local Government

Estes Park Sanitation District  
Notes to Financial Statements

prior to January 30th, and passes a resolution making the appropriation for the ensuing fiscal year.

The Board approves total budget appropriations only. Budgeted amounts within the fund may be transferred as long as total appropriations are not altered. If the total appropriations must be revised, an official amended budget is approved and a resolution making additional appropriations is passed.

The level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis. Budgets are adopted on the accrual basis and the budgetary comparisons shown in these financial statements under supplementary information are shown on that basis.

**Risk Management**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors and omissions, injuries to employees or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

**Tax, Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, 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. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

**Assets, Liabilities and Net Position**

**Cash**

All cash, savings accounts and money market accounts are stated at cost and are on deposit with various financial institutions that are entirely federally insured with the Federal Deposit Insurance Corporation (FDIC) with no account exceeding the \$250,000 insurance limit.

The Board authorizes the District to invest in certificates of deposit and U.S. Treasury bills at various financial institutions that are FDIC insured, or repurchase agreements provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds.

Cash and cash equivalents referred to in the Statement of Cash Flows comprise cash on hand, cash in checking accounts, cash in money market accounts and cash temporarily invested in certificates of deposits with maturity within three months from the financial statement dates.

**Investments**

The District investments include certificates of deposit with maturities over three months, U.S. Government obligations and investments held in Colotrust (Prime). Colotrust (Prime) is an investment vehicle that pools funds from various Colorado governmental entities for investment purposes. Investments are presented at estimated fair market value.

Estes Park Sanitation District  
Notes to Financial Statements

**Inventories**

Inventories are valued at original cost on the first-in first-out (FIFO) method and consist of pipe and laboratory supplies.

**Utility Plant in Service**

All fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value at the date donated.

**Investment in Deferred Compensation Plan**

The District offers a deferred compensation plan created in accordance with IRC Sec. 457. The plan is available to all employees who work 35 hours per week after completing one year of employment with the District. The deferred compensation is not available to employees until termination, retirement or death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are managed and held by a third party for the benefit of the employee

**Compensated Absences**

Vacation and sick leave accumulated by an employee are recorded as a liability and current operating expense of the District at the employee's current rate of pay.

**Pension Plan**

The Social Security System covers district employees. The District does not have a policy nor does it provide for any pension benefits for its employees and therefore has no liability for pension benefits.

**Revenue Notes Payable**

The District has negotiated a direct loan with the Colorado Water Resources and Power Development Authority (CWRPDA) in the total amount of \$3,250,000. This loan is for a term of 20 years with an interest rate of 2%. The CWRPDA Board also approved \$377,270 of principal forgiveness on this loan.

The District also negotiated a second note with the Colorado Water Resources and Power Development Authority (CWRPDA) in the total amount of \$1,273,470. This loan is for a term of 20 years with an interest rate of 2%.

These funds will finance the construction of a new headworks facility to include odor control capabilities and equipment to meet new heavy metal requirements effective September 2016.

**Net Position - Designated**

The District records designated net position to indicate that a portion of the net position is Board designated for a specific future use. The Board has designated specific amounts for plant and equipment replacement or expansion.

**Revenues and Expenses**

**Operating and Non-operating Revenues**

Operating revenues are defined as those revenues that represent the ongoing operations of the District as follows: user fees, permit fees, petitions for inclusion/exclusion, dump fees, water

Estes Park Sanitation District  
Notes to Financial Statements

testing and miscellaneous income. Non-operating revenues include contributions in aid of construction, system development fees, interest income and proceeds from the sale of assets.

**Depreciation**

Depreciation of exhaustible fixed assets used by enterprise funds is charged as an expense against its operation over the assets' estimated useful lives. Accumulated depreciation is reported on the enterprise fund balance sheet. Depreciation has been provided over the estimated useful lives on the straight-line basis. Useful lives by type of asset are as follows:

Buildings	20 years
Plant	40 years
Sewer Lines	60 years
Equipment	5-10 years

**Note 2 - Stewardship, Compliance and Accountability**

Estes Park Sanitation District has complied with legal and contractual provisions in the preparation of these financial statements and expenditures have not exceeded appropriated budgetary amounts for the fund.

**Note 3 - Detail Notes on Accounts**

**Cash/Investments**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool held in trust for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Investments are stated at fair market value as required by the Governmental Accounting Standards Board Statement 31.

The CPDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, US government securities, mortgages and deeds of trust.

Credit risk – The District’s investment policy authorizes the District to invest in bonds or other interest bearing obligations of the United States of America or its agencies thereof, certificates of deposit and local investment pools.

Interest Rate Risk – The District’s investment policy limits all federal securities to maturities of 5 years or less from the date of purchase.

At December 31, 2016 and 2015, the District owned the following investments:

	<u>2016</u>	<u>2015</u>
Certificates of Deposit and money markets	\$ 221,832	\$499,015
Colostrust (Prime)	<u>1,165,311</u>	<u>882,342</u>
Totals	<u>\$1,387,143</u>	<u>\$1,381,357</u>

Estes Park Sanitation District  
Notes to Financial Statements

The Colotrust (Prime) investments shown above are rated AAAM by Standards & Poor's. The weighted average annualized yield of these investments is .12% and the weighted market duration is 1.01 years.

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a deposit policy that allows investments only in U.S. instrumentalities or deposits insured by federal depository insurance. The District's bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the District's custodial banks in the name of the District under provisions of the Colorado Public Deposit Protection Act (CPDPA).

The District had invested \$1,165,311 in Colotrust (Prime), an investment vehicle established by local government entities in Colorado to pool surplus funds for investment purposes. Colotrust (Prime) operates similarly to a money market fund and each share is equal in value to \$1.00.

The designated custodial bank of Colotrust (Prime) provides safekeeping and depository services in connection with the direct investment and withdrawal functions of Colotrust (Prime). All securities owned by Colotrust (Prime) are held by the Federal Reserve Bank in the account maintained by the custodial bank.

Investments in Colotrust (Prime) consist of U. S. Treasury bills, notes and note strips and repurchase agreements collateralized by U. S. Treasury notes. The final maturity of any and all securities purchased by Colotrust (Prime) may not exceed one year. Colotrust (Prime) is rated AAAM by Standards & Poor's. The investment policy of Colotrust (Prime) does not include investing in derivatives.

**Utility Plant in Service**

A summary of changes in Utility Plant in Service follows:

	Balance January <u>1, 2016</u>	<u>Additions</u>	<u>Transfers</u>	Balance December <u>31, 2016</u>
Land & easements	\$ 109,753	\$	\$	\$ 109,753
Buildings & improvements	115,892			115,892
Plant	2,519,467	28,376		2,547,843
Headworks		5,576,270		5,576,270
Collection system	1,863,193	152,508		2,015,701
Equipment	<u>372,076</u>	<u>19,955</u>		<u>392,031</u>
	4,980,381	5,777,109		10,757,490
Construction in progress	1,274,108	4,330,538	(5,604,646)	
Transfers		(5,604,646)	5,604,646	
Accumulated depreciation	<u>(3,282,068)</u>	<u>( 226,525)</u>		<u>(3,508,593)</u>
Net Utility Plant	<u>\$2,972,421</u>	<u>\$4,276,476</u>	<u>\$</u>	<u>\$7,248,897</u>

Estes Park Sanitation District  
Notes to Financial Statements

	Balance January <u>1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance December <u>31, 2015</u>
Land & easements	\$ 109,753	\$	\$	\$ 109,753
Buildings & improvements	119,898	508	(4,514)	115,892
Plant	2,454,236	60,717	4,514	2,519,467
Collection system	1,827,793	35,400		1,863,193
Equipment	<u>494,457</u>	<u>5,600</u>	<u>(127,981)</u>	<u>372,076</u>
	5,006,137	102,225	(127,981)	4,980,381
Accumulated depreciation	<u>(3,246,235)</u>	<u>(163,814)</u>	<u>127,981</u>	<u>(3,282,068)</u>
	1,759,902	(61,589)		1,698,313
Construction in progress	<u>369,293</u>	<u>904,815</u>		<u>1,274,108</u>
Net Utility Plant	<u>\$2,129,195</u>	<u>\$843,226</u>	<u>\$</u>	<u>\$2,972,421</u>

Assets that are fully depreciated but still in use amount to \$1,652,084 for 2016 and 2015.

**Revenue Note Payable**

At December 31, 2016 the District had two notes for an outstanding balance of \$4,134,235. The payment schedule is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$175,267	81,813
2018	178,790	78,290
2019	182,384	74,696
2020	186,050	71,030
2021	189,789	67,291
2022-2036	<u>3,221,955</u>	<u>505,704</u>
	<u>\$4,134,235</u>	<u>\$878,824</u>

**Net Position**

Net position is presented reflecting the portion of the net position invested in fixed assets and the remainder divided between designated and undesignated as follow:

	<u>2016</u>	<u>2015</u>
Investment in capital assets	\$3,114,662	\$2,242,661
Designated:		
Vehicle/equipment reserve	50,984	25,984
Plant reserve	860,071	679,731
Headworks reserve	110,717	443,240
Lines reserve	150,000	125,000
Employee compensated absences	<u>20,804</u>	<u>20,711</u>
	<u>1,192,576</u>	<u>1,294,666</u>
Undesignated	<u>418,446</u>	<u>375,055</u>
	<u>\$4,725,684</u>	<u>\$3,912,382</u>

Estes Park Sanitation District  
 Schedule of Treatment Expenses  
 For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Payroll</b>		
Salaries	\$ 199,606	\$ 190,107
Payroll taxes	14,898	15,969
Employee benefits	43,234	41,888
Employee clothing	1,538	1,710
Workmen's compensation	<u>4,964</u>	<u>4,973</u>
	<u>264,240</u>	<u>254,647</u>
<b>Other</b>		
Biosolids application	21,480	21,150
Chemicals	56,679	41,073
Education & training	433	1,584
Heat	5,386	5,877
Lab tests & supplies	15,351	20,919
Maintenance	38,453	35,759
Maintenance, other property	-	673
Miscellaneous	313	454
Power	71,834	70,922
Telephone	1,888	1,774
Vehicle	2,075	1,751
Water	3,011	1,057
Depreciation	<u>157,041</u>	<u>87,756</u>
	<u>373,944</u>	<u>290,749</u>
Total treatment expenses	<u>\$ 638,184</u>	<u>\$ 545,396</u>

Estes Park Sanitation District  
Schedule of Collection Expenses  
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Payroll</b>		
Salaries	\$ 174,662	\$ 174,750
Payroll taxes	16,872	14,679
Employee benefits	48,963	38,504
Employee clothing	1,548	1,572
Workmen's compensation	4,742	4,501
	<u>246,787</u>	<u>234,006</u>
<b>Other</b>		
Education & training	2,949	5,074
Equipment maintenance	11,190	10,142
Miscellaneous	275	714
Repairs and maintenance	15,018	121,629
Telephone	1,922	1,868
Vehicle	1,613	1,784
Depreciation	65,664	72,771
	<u>98,631</u>	<u>213,982</u>
Total collection expenses	<u>\$ 345,418</u>	<u>\$ 447,988</u>

Estes Park Sanitation District  
 Schedule of Administrative Expenses  
 For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Payroll</b>		
Salaries	\$ 128,989	\$ 121,152
Directors salaries	4,500	3,900
Payroll taxes	10,877	9,923
Employee benefits	26,687	16,692
Workmen's compensation	210	251
	<u>171,263</u>	<u>151,918</u>
 <b>Occupancy</b>		
Condo fees	900	900
Depreciation	3,570	3,037
Repairs & maintenance	819	886
	<u>5,289</u>	<u>4,823</u>
 <b>Other</b>		
Bank charges	3,520	2,814
Education	122	99
Insurance	20,796	17,593
Interest	19,630	124
Licenses and taxes	8,136	6,356
Miscellaneous	1,321	1,284
Office supplies	7,838	5,787
Professional fees	10,565	10,434
Publications	329	176
Telephone	2,025	1,869
Vehicle	1,801	1,929
Depreciation	250	250
	<u>76,333</u>	<u>48,715</u>
 <b>Total administrative expenses</b>	 <u>\$ 252,885</u>	 <u>\$ 205,456</u>

Estes Park Sanitation District  
Statement of Revenues and Expenses Compared with Budget  
(Non-GAAP Budget Basis)  
For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor- able)</u>
<b>Operating revenue</b>			
Operating revenues	\$ 1,335,691	\$ 1,326,211	\$ (9,480)
FOG non-compliance fees	21,576	22,570	994
Lift station fees	7,860	7,860	-
Account maintenance fee	45,250	45,050	(200)
Miscellaneous income	23,603	23,731	128
	<u>1,433,980</u>	<u>1,425,422</u>	<u>(8,558)</u>
<b>Operating expenses</b>			
Treatment	523,493	481,143	42,350
Collection	297,262	279,754	17,508
Administration	248,359	249,065	(706)
Total operating expenses	<u>1,069,114</u>	<u>1,009,962</u>	<u>59,152</u>
<b>Net operating income (loss)</b>	<u>364,866</u>	<u>415,460</u>	<u>50,594</u>
<b>Nonoperating revenue</b>			
Contributions in aid of construction	-	438,620	438,620
Interest income	3,500	4,807	1,307
Gain (loss) sale of assets	500	600	100
System development fees	170,000	180,340	10,340
Total nonoperating income	<u>174,000</u>	<u>624,367</u>	<u>450,367</u>
<b>Excess of income over expenses</b>	538,866	1,039,827	500,961
<b>Other budgeted items</b>			
Purchase/construction of fixed assets	4,475,200	4,503,001	(27,801)
Principal payment on revenue note	11,965	11,965	-
	<u>4,487,165</u>	<u>4,514,966</u>	<u>(27,801)</u>
<b>Excess of income over expenses including other budgeted items</b>	<u>\$ (3,948,299)</u>	<u>\$ (3,475,139)</u>	<u>\$ 473,160</u>

Estes Park Sanitation District  
Schedule of Treatment Expenses Compared with Budget  
(Non-GAAP Budget Basis)  
For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Payroll</b>			
Salaries	\$ 200,972	\$ 199,606	\$ 1,366
Payroll taxes	17,000	14,898	2,102
Employee benefits	47,821	43,234	4,587
Clothing	1,650	1,538	112
Workmen's compensation	<u>5,500</u>	<u>4,964</u>	<u>536</u>
	<u>272,943</u>	<u>264,240</u>	<u>8,703</u>
<b>Other</b>			
Biosolids removal	23,000	21,480	1,520
Chemical	60,000	56,679	3,321
Education & training	3,500	433	3,067
Heat	8,500	5,386	3,114
Lab tests & supplies	25,000	15,351	9,649
Maintenance	42,500	38,453	4,047
Maintenance, other property	675	-	675
Miscellaneous	500	313	187
Power	80,000	71,834	8,166
Telephone	1,775	1,888	(113)
Vehicle	4,000	2,075	1,925
Water	<u>1,100</u>	<u>3,011</u>	<u>(1,911)</u>
	<u>250,550</u>	<u>216,903</u>	<u>33,647</u>
Total treatment expenses	<u>\$ 523,493</u>	<u>\$ 481,143</u>	<u>\$ 42,350</u>

Estes Park Sanitation District  
 Schedule of Collection Expenses Compared with Budget  
 (Non-GAAP Budget Basis)  
 For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor- able)</u>
<b>Payroll</b>			
Salaries	\$ 181,409	\$ 174,662	\$ 6,747
Payroll taxes	15,500	16,872	(1,372)
Employee benefits	47,503	48,963	(1,460)
Clothing	1,650	1,548	102
Workmen's compensation	<u>5,500</u>	<u>4,742</u>	<u>758</u>
	<u>251,562</u>	<u>246,787</u>	<u>4,775</u>
<b>Other</b>			
Education & training	5,000	2,949	2,051
Equipment maintenance	12,500	11,190	1,310
FOG interceptor program	2,500	-	2,500
Miscellaneous	300	275	25
Repairs and maintenance	19,500	15,018	4,482
Telephone	1,900	1,922	(22)
Vehicle	<u>4,000</u>	<u>1,613</u>	<u>2,387</u>
	<u>45,700</u>	<u>32,967</u>	<u>12,733</u>
Total collection expenses	<u>\$ 297,262</u>	<u>\$ 279,754</u>	<u>\$ 17,508</u>

Estes Park Sanitation District  
Schedule of Administrative Expenses Compared with Budget  
(Non-GAAP Budget Basis)  
For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavor- able)
<b>Payroll</b>			
Salaries	\$ 135,000	\$ 128,989	\$ 6,011
Directors salaries	4,500	4,500	-
Payroll taxes	12,000	10,877	1,123
Employee benefits	27,259	26,687	572
Workmen's compensation	300	210	90
	<u>179,059</u>	<u>171,263</u>	<u>7,796</u>
 <b>Occupancy</b>			
Condo fees	900	900	-
Repairs & maintenance	1,100	819	281
	<u>2,000</u>	<u>1,719</u>	<u>281</u>
 <b>Other</b>			
Bank charges	1,350	3,520	(2,170)
Education and training	500	122	378
Insurance	22,000	20,796	1,204
Interest	5,850	19,630	(13,780)
Licenses & taxes	8,250	8,136	114
Miscellaneous	2,500	1,321	1,179
Office	6,500	7,838	(1,338)
Professional fees	15,000	10,565	4,435
Publications	400	329	71
Telephone	2,750	2,025	725
Vehicle	2,200	1,801	399
	<u>67,300</u>	<u>76,083</u>	<u>(8,783)</u>
 Total administrative expenses	<u>\$ 248,359</u>	<u>\$ 249,065</u>	<u>\$ (706)</u>