



# ESTES PARK SANITATION DISTRICT

## FINANCIAL STATEMENTS

Year Ended December 31, 2019



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## **MANAGEMENT DISCUSSION AND ANALYSIS**

This is an analysis and overview of the financial activities of the Estes Park Sanitation District (EPSD) for the year ended December 31, 2019. This information should be read in conjunction with the financial statements and notes which follow:

### **FINANCIAL HIGHLIGHTS**

- As of December 31, 2019, approximately \$6.2 million was held in net position for the provision of future services to citizens.
- For fiscal year 2019, the total net position increased by \$523,705 or 8% from 2018. This was primarily from increased fees.
- Operating revenue for 2019 totaled \$1.66 million, which is an increase of 10.2% from 2018.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The following discussion and analysis is intended to serve as an introduction to EPSD's financial statements which follow. The statements include:

1. Statement of Net Position
2. Statement of Revenue, Expenses, and Changes in Net Position
3. Statement of Cash Flows
4. Notes to Financial Statements.

The *statement of revenue, expenses, and changes in net position* presents EPSD revenue and expenses for the year ended December 31, 2019.

The *statement of cash flows* shows the net cash flows from activities for the year ended December 31, 2019.

These statements are in compliance with Governmental Accounting Standards Board (GASB) Statements. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. EPSD's financial statements comply with all material requirements of these pronouncements.

These statements provide a snapshot of EPSD's assets and liabilities as of December 31, 2019 and the activities which occurred during the year. All statements were prepared using the accrual basis of accounting as required by GASB.

*Notes to financial statements* provide additional information which is essential to a full understanding of the basic financial statements.

## FINANCIAL ANALYSIS

As of December 31, EPSD's net position was:

December 31	2019	2018
Cash	\$ 11,631	\$ 41,392
Investments	2,431,276	2,300,517
Receivables	257,166	214,682
Inventories	20,116	20,117
Capital Assets, net	7,206,829	7,024,395
Total Assets	9,927,018	9,601,103
Less Liabilities	3,699,185	3,896,975
Net Position	\$ 6,227,833	\$ 5,704,128

The following is a comparison of EPSD's results of operations:

Years Ended December 31	2019	2018
Revenues:		
Service charges	\$ 1,662,950	\$ 1,508,917
Other income	115,888	107,706
Capital contributions	279,442	206,502
Total Revenues	2,058,280	1,823,125
Expenses:		
Operating expenses:		
Plant	849,376	827,448
Lines	348,987	349,426
Administration	336,212	337,749
Total Expenses	1,534,575	1,514,623
Net Income	\$ 523,705	\$ 308,502

Net position has changed due to the following:

- During 2019, operating revenue increased approximately 13%, due to a scheduled increase in service rates and additional grant funding.
- During 2019, operating expenses increased by approximately 1%.

## **FINANCIAL HIGHLIGHTS**

In addition to operational and debt related expenses, our annual budget attempts to address the District's short-term and long-term capital needs. Short-term capital needs are normally addressed through operational revenues each year. However, long-term capital requirements usually involve the use of reserves that are set aside on an annual basis. We will continue to set aside reserves to help us minimize our financing needs.

- The District treated 199 million gallons of wastewater in 2019, an increase of approximately 3.27% from 2018. During 2019 the Estes Valley experienced twice the precipitation of the previous year. The District charts non-billable flow and this infiltration measure increased from 9.47% in 2018 to 11.35% in 2019.
- Commercial billable flow increased 1% in relation to 2018. User fees rates for commercial and residential customers increased 6% in 2019.
- Total system investment fee revenue was \$279,442. This was a record year for system investment income. In a reversal of previous years, over 80% of the fees were from commercial sources. The commercial growth included undeveloped commercial lots and additions to existing commercial lots.
- A sewer main was extended into an area where long shared service lines were present. In another subdivision, the first section of a main replacement took place. The pipe replaced in this section was in poor condition, shallow and undersized clay. Staff replaced 435 feet of pipe and added three new manholes for access points.
- A new dewatering screw press was installed. The press replaced a twenty year old centrifuge that required significant staff monitoring. The project included a new conveyor system for biosolids removal. EPSD staff served as the general contractor for the project and did all of the installation. The new press should lower electrical consumption. Electrical rates have increased significantly in recent years

## **CAPITAL ASSETS ADMINISTRATION**

Major capital assets constructed or purchased in 2019 included the following:

- The District extended a section of main line across West Elkhorn Avenue. The property owners worked with the District to enable the extension. The extension will allow for a future river crossing that will provide service to a proposed development.
- The first phase of a two-year improvement project was completed. The screw press and related engineering cost approximately \$400,000. Engineering for the second phase was completed. The second phase will include new blowers and reconfigured air piping. These changes will improve air management and lower electrical consumption.

## **OTHER MATTERS.**

Climate change remains a chief concern of the District. Fires and flooding have become more common place in the west. Increased drought conditions can change historical stream flow levels. These stream flow levels determine permit requirements. Examples of this problem are already occurring in Colorado.

Other challenges the District face:

- User fee rates must be sufficient to pay operational costs, debt service and enable funds to be set aside for more capital improvements in the future.
- The changing characteristics of our wastewater are presenting new challenges. A new rate structure might be necessary to address these changes.
- The rapidly rising costs associated with infrastructure replacement.
- Maintaining our workforce is very important. Housing costs in the Estes Valley have skyrocketed and this has and will continue to create staffing problems for us. The District has only eight staff members. Several key employees are nearing retirement age. Developing new employees that can someday step into leadership roles is critical.
- The District must continue to embrace automation to increase the productivity of our staff members.
- Effluent nutrient removal will be a major challenge – operationally and financially.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the District's finances for 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  
P.O. Box 722  
Estes Park, CO 80517

The office of the District is located at 1201 Graves Avenue, Estes Park, CO 80517. The office phone number is (970) 586-2866.



## Independent Auditors' Report

Board of Directors  
Estes Park Sanitation District  
Estes Park, Colorado

We have audited the accompanying basic financial statements of the Estes Park Sanitation District as of December 31, 2019, and for the year then ended, and the notes to the financial statements.

### **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; 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. 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 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, 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 Estes Park Sanitation District as of December 31, 2019, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

## **Other Matters**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on pages 19-21 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Accounting principles generally accepted in the United States require that management discussion and analysis and pension information 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, 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 evidence sufficient to express an opinion or provide any assurance.

*Anderson & Whitney, P.C.*

September 10, 2020

# ESTES PARK SANITATION DISTRICT

## STATEMENT OF NET POSITION

December 31	2019
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 11,631
Investments	2,431,276
Accounts receivable, user fees	257,166
Inventories	20,116
Total Current Assets	2,720,189
Utility Plant in Service	7,206,829
<b>TOTAL ASSETS</b>	<b>\$ 9,927,018</b>
<u>LIABILITIES</u>	
Current Liabilities:	
Current portion of long term liabilities	\$ 186,050
Accounts payable	38,011
Accrued expenses payable	63,380
Total Current Liabilities	287,441
Non-current Liabilities	
Revenue note payable	3,411,744
Total Non-Current Liabilities	3,411,744
<b>TOTAL LIABILITIES</b>	<b>3,699,185</b>
<u>NET POSITION</u>	
Net investment in Capital Assets	3,609,035
Unrestricted, designated	1,876,182
Unrestricted, undesignated	742,616
<b>TOTAL NET POSITION</b>	<b>\$ 6,227,833</b>

See Accompanying Notes to Financial Statements.

## ESTES PARK SANITATION DISTRICT

### STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

Year Ended December 31	2019
Revenue:	
User fee income	\$ 1,544,650
FOG non-compliance fees	24,947
Lift station fees	7,920
Account maintenance fee	45,665
Miscellaneous income	39,768
Total Revenue	1,662,950
Expenses:	
Treatment	846,768
Collection	351,595
Administration	336,212
Total Operating Expenses	1,534,575
Net Operating Income	128,375
Other Income:	
Interest income	49,310
Gain on sale of assets	66,578
System development fees	279,442
Total Other Income	395,330
Increase in net position	523,705
Net Position, Beginning of Year	5,704,128
Net Position, End of Year	\$ 6,227,833

See Accompanying Notes to Financial Statements.

# ESTES PARK SANITATION DISTRICT

## STATEMENT OF CASH FLOWS

Year Ended December 31	2019
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 1,607,382
Payments to suppliers and employees	(1,191,133)
Net Cash Provided by Operating Activities	416,249
Cash Flows from Noncapital Financing Activities:	
Net cash provided by financing activities	-
Net Cash Provided by Noncapital Financing Activities	-
Cash Flows from Capital and Related Financing Activities:	
Acquisition of property, plant and equipment	(528,197)
Payments on note payable	(182,384)
Contributions in aid of construction	-
System development fees received	279,442
Net Cash Used by Capital and Related Financing Activities	(431,139)
Cash Flows from Investing Activities:	
Purchase of investments	(130,759)
Gain on sale of fixed asset	66,578
Interest and dividends received	49,310
Net Cash Used by Investing Activities	(14,871)
Net Decrease in Cash and Cash Equivalents	(29,761)
Cash and Cash Equivalents, Beginning of Year	41,392
Cash and Cash Equivalents, End of Year	\$ 11,631

### Reconciliation of Operating Income to Net Cash Provided by

Operating Activities:	
Operating income	128,375
Depreciation expense	345,764
Change in operating assets and liabilities:	
(Increase) decrease in:	
Receivables	(55,568)
Prepaid expenses	137
Inventories	-
Increase (decrease) in:	
Accounts payable	-
Accrued expenses payable	(2,459)
Net Cash Provided by Operating Activities	\$ 416,249

See Accompanying Notes to Financial Statements.

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1 – Summary of Significant Accounting Policies:**

This summary of the Estes Park Sanitation District's significant accounting policies is to assist the reader with interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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#### 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 services of the District are generally available to the residents of the District.

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#### Scope of Reporting Entity:

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

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#### 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.

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# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### 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 the 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 decreased (expenses) in total net position.

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#### 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 15<sup>th</sup>, the district manager submits the budgets to the District board. Prior to December 15<sup>th</sup> the District board after reviewing the budgets adopts the budget with a certified copy sent to the Division of Local Government prior to January 30<sup>th</sup>, 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.

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# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### 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.

##### 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.

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Assets, Liabilities and Net Position – Continued:

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributed to those amounts, property, or rights are managed and held by a third party for the benefit of the employee. The District paid \$40,064 for this in 2019.

#### 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.

#### 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.

#### Revenue 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 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.

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#### 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

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# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – Cash and 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 PDPA 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.

Custodial Credit Risk – 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 (PDPA).

At December 31, 2019, the District had invested \$2,431,276 in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is valued at the net asset value (NAV) of \$1.00. Investments of COLOTRUST consist of bills, notes, and bonds issued by the U.S. Treasury or a government agency, and repurchase agreements secured by such obligations. COLOTRUST is rated AAA by Standard & Poor’s. The District’s interest is valued at NAV.

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – Cash and Investments – Continued:

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.

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### NOTE 3 – Utility Plant in Service:

A summary of changes in Utility Plant in Service follows:

	Balance 1/1/19	Additions	Deletions	Balance 12/31/19
Land & easements	\$ 108,430	\$ --	\$ --	\$ 108,430
Buildings & improvements	115,892	--	--	115,892
Plant	8,240,208	29,989	--	8,270,197
Collection system	2,241,821	59,522	--	2,301,343
Equipment	486,779	438,686	--	925,465
	11,193,130	528,197	--	11,721,327
Accumulated depreciation	(4,168,734)	(345,764)	--	(4,514,498)
Net Utility Plant	\$ 7,024,396	\$ 182,433	\$ --	\$ 7,206,829

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# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 – Revenue Notes Payable:

The District has two notes outstanding with the Colorado Water Resources & Power Development Authority. Note W14F340 is dated November 14, 2014 and is due May 1, 2036. The original amount of the note was \$2,872,730 payable at 2% interest with payments of \$89,013 each May 1<sup>st</sup> and November 1<sup>st</sup>. Note W15F361 is dated November 23, 2015 and is due May 1, 2036. The original amount of the note was \$1,273,470 payable at 2% interest with payments of \$39,527 each May 1<sup>st</sup> and November 1<sup>st</sup>. Both notes are secured by the sewer revenue of the District.

A summary of changes in Revenue Notes Payable flows:

	Balance 1/1/2019	Reduction	Balance 12/31/2019
Revenue Note W14F340	\$ 2,617,753	\$ 126,300	\$ 2,491,453
Revenue Note W15F361	1,162,425	56,084	1,106,341
	<u>\$ 3,780,178</u>	<u>\$ 182,384</u>	<u>\$ 3,597,794</u>

The principal and interest due on each note is as follows:

Years Ending December 31	Principal		Interest	
	W14F340	W15F361	W14F340	W15D361
2020	\$ 128,838	\$ 57,211	\$ 49,188	\$ 21,842
2021	131,428	58,361	46,598	20,692
2022	134,070	59,534	43,957	19,519
2023	136,765	60,731	41,262	18,323
2024	139,513	61,952	38,513	17,102
2025-2036	1,820,839	808,552	226,466	100,563
	<u>\$ 2,491,453</u>	<u>\$ 1,106,341</u>	<u>\$ 445,984</u>	<u>\$ 198,041</u>

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 – 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 follows:

December 31	2019	2018
Net Investment in capital assets	\$ 3,609,035	\$ 3,244,217
Designated:		
Vehicle/equipment reserve	75,871	70,984
Plant reserve	1,605,038	1,325,596
Lines reserve	169,062	158,714
Employee compensated absences	26,211	21,211
	1,876,182	1,576,505
Undesignated	742,616	883,406
	\$ 6,227,833	\$ 5,704,128

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### NOTE 6 – Contingencies:

#### 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.

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**SUPPLEMENTARY INFORMATION**

## ESTES PARK SANITATION DISTRICT

### Schedule of Revenue and Expenses - Actual (Budgetary Basis) Compared to Budget

Year Ended December 31, 2019	Actual	Final Budget	Variance
<b>Revenues:</b>			
User fee income	\$1,544,650	\$ 1,519,760	\$ (24,890)
FOG non-compliance fees	24,947	22,365	(2,582)
Lift station fees	7,920	7,875	(45)
Miscellaneous income	39,768	30,000	(9,768)
Account maintenance fee	45,665	45,500	(165)
<b>Total Operating Revenue</b>	<b>1,662,950</b>	<b>1,625,500</b>	<b>(37,450)</b>
<b>Nonoperating Revenue:</b>			
Interest income	49,310	37,500	(11,810)
Sale of assets	66,578	2,500	(64,078)
System development fees	279,442	37,500	(241,942)
<b>Total Nonoperating Income</b>	<b>395,330</b>	<b>77,500</b>	<b>(317,830)</b>
<b>Total Revenue and Contributions</b>	<b>2,058,280</b>	<b>1,703,000</b>	<b>(355,280)</b>
<b>Expenditures:</b>			
<b>Treatment expenses:</b>			
<b>Payroll:</b>			
Salaries	\$ 224,329	\$ 228,958	\$ 4,629
Payroll taxes	19,059	19,502	443
Employee benefits	52,496	52,514	18
Employee clothing	1,513	1,650	137
Workmen's compensation	2,904	4,150	1,246
<b>Total Payroll - Treatment</b>	<b>300,301</b>	<b>306,774</b>	<b>6,473</b>
<b>Operations:</b>			
Biosolids removal	37,440	40,000	2,560
Chemicals	44,406	40,000	(4,406)
Education & training	1,549	3,500	1,951
Utilities: Natural gas	5,895	7,500	1,605
Lab tests & supplies	16,904	18,500	1,596
Repairs & maintenance: Plant	31,287	36,000	4,713
Miscellaneous	403	500	97
Utilities: Electricity	116,822	115,249	(1,573)
Communications	2,122	2,200	78
Repairs & maintenance: Vehicle	1,636	3,500	1,864
Utilities: Potable water	2,496	2,600	104
<b>Total Operations - Treatment</b>	<b>260,960</b>	<b>269,549</b>	<b>8,589</b>
<b>Total Treatment Expenses</b>	<b>\$ 561,261</b>	<b>\$ 576,323</b>	<b>\$ 15,062</b>

## ESTES PARK SANITATION DISTRICT

### Schedule of Revenue and Expenses - Actual (Budgetary Basis) Compared to Budget

Year Ended December 31, 2019	Actual	Final Budget	Variance
Collection expenses:			
Payroll:			
Salaries	\$ 194,466	\$ 202,142	\$ 7,676
Payroll taxes	16,805	17,219	414
Employee benefits	51,839	52,647	808
Employee clothing	1,650	1,650	-
Workmen's compensation	2,557	4,000	1,443
Total Payroll - Collection	267,317	277,658	10,341
Operations:			-
Education & training	2,559	5,500	2,941
Repairs & maintenance: equipment	4,254	8,500	4,246
Miscellaneous	103	500	397
Collection maintenance	12,969	15,000	2,031
Communications	2,054	2,200	146
Repairs & maintenance: vehicle	2,334	3,500	1,166
Property maintenance	-	1,000	1,000
Lift station variable costs	-	5,000	5,000
Total Operations - Collection	24,273	41,200	16,927
Total Collection Expenses	\$ 291,590	\$ 318,858	\$ 27,268

## ESTES PARK SANITATION DISTRICT

### Schedule of Revenue and Expenses - Actual (Budgetary Basis) Compared to Budget

Year Ended December 31, 2019	Actual	Final Budget	Variance
Administrative expenses:			
Payroll:			
Salaries	\$ 138,846	\$ 135,239	\$ (3,607)
Directors salaries	4,500	4,500	-
Payroll taxes	11,499	11,892	393
Employee benefits	33,934	35,401	1,467
Workmen's compensation	145	250	105
<b>Total Payroll - Administrative</b>	<b>188,924</b>	<b>187,282</b>	<b>(1,642)</b>
Operations:			
Bad debts	2,293	-	(2,293)
Bank charges	3,402	3,250	(152)
Education	139	800	661
Insurance	27,898	27,500	(398)
Permit fees	7,867	8,250	383
Miscellaneous	-	1,500	1,500
Office maintenance and utilities	1,008	2,000	992
Office supplies	9,490	9,500	10
Professional fees	9,886	16,500	6,614
Publications	472	500	28
Communications	2,309	2,350	41
Vehicle	1,783	2,200	417
<b>Total Operations - Administrative</b>	<b>66,547</b>	<b>74,350</b>	<b>7,803</b>
<b>Total Administrative Expenses</b>	<b>\$ 255,471</b>	<b>\$ 261,632</b>	<b>\$ 6,161</b>
Other Budgeted items:			
Purchase/construction of fixed assets	533,990	574,750	40,760
Interest payment on debt	74,696	74,697	1
Principal repayment on debt	182,384	182,384	-
<b>Total Other Budgeted Items</b>	<b>791,070</b>	<b>831,831</b>	<b>40,761</b>
<b>Total Expenditures</b>	<b>1,899,392</b>	<b>1,988,644</b>	<b>89,252</b>
<b>Net Income - Budget Basis</b>	<b>\$ 158,888</b>	<b>\$ (285,644)</b>	<b>\$ (444,532)</b>
Reconciliation of Net Income - Budget Basis to Net Income - GAAP Basis:			
Capital Outlay	528,197		
Debt repayment	182,384		
Depreciation Expense	(345,764)		
<b>Net Income - GAAP Basis</b>	<b>\$ 523,705</b>		