



ESTES PARK SANITATION DISTRICT

FINANCIAL STATEMENTS

Year Ended December 31, 2020



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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, 2020, 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, 2020, 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 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.

July 8, 2021

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, 2020. This information should be read in conjunction with the financial statements and notes which follow:

FINANCIAL HIGHLIGHTS

- As of December 31, 2020, approximately \$6.4 million was held in net position for the provision of future services to citizens.
- For fiscal year 2020, the total net position increased by \$172,515 from 2019. This was primarily from increased fees.
- Operating revenue for 2020 totaled \$1.6 million, which is a decrease of 3.6% from 2019.

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, 2020.

The *statement of cash flows* shows the net cash flows from activities for the year ended December 31, 2020.

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, 2020 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 | 2020 | 2019 |
|---------------------|--------------|--------------|
| Cash | \$ 96,273 | \$ 11,631 |
| Investments | 1,845,114 | 2,431,276 |
| Receivables | 222,802 | 257,166 |
| Inventories | 20,116 | 20,116 |
| Capital Assets, net | 7,735,834 | 7,206,829 |
| Total Assets | 9,920,139 | 9,927,018 |
| Less Liabilities | 3,519,791 | 3,699,185 |
| Net Position | \$ 6,400,348 | \$ 6,227,833 |

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

| Years Ended December 31 | 2020 | 2019 |
|-------------------------|--------------|--------------|
| Revenues: | | |
| Service charges | \$ 1,602,478 | \$ 1,662,950 |
| Other income | 13,415 | 115,888 |
| Capital contributions | 108,092 | 279,442 |
| Total Revenues | 1,723,985 | 2,058,280 |
| Expenses: | | |
| Operating expenses: | | |
| Plant | 864,736 | 849,376 |
| Lines | 349,192 | 348,987 |
| Administration | 337,542 | 336,212 |
| Total Expenses | 1,551,470 | 1,534,575 |
| Net Income | \$ 172,515 | \$ 523,705 |

Net position has changed due to the following:

- During 2020, operating revenue decreased approximately 4%, due to reduced demand for metered service charges because of the pandemic.
- During 2020, nonoperating revenue decreased approximately 69% primarily due to a reduction in system development fees and lower interest rates for interest income.
- During 2020, 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.

2020 was a challenging financial year for the District.

- Our commercial customers were severely affected by COVID concerns and the two largest wildfires in Colorado history. The fires forced the evacuation of our community and visitors. These events significantly impacted our user fee revenue.
- The District treated 172.758 million gallons of wastewater in 2020, a reduction of 13.3% from 2019. The District charts non-billable flow to track infiltration into our system. Non-billable flow was only 4.3%. Only 8.16 inches of precipitation occurred in the Estes Valley – the lowest level in our 31 years of monitoring. Conditions were perfect for the extreme wildfire season.
- Commercial billable flow decreased 14% in relation to 2019.
- User fees rates for commercial and residential customers increased 3% in 2020.
- The U.S. Federal Reserve lowered short-term interest rates to near zero in response to the global pandemic. Interest income decreased approximately \$38,000 from 2019.
- Actual costs for a critical capital improvement to our treatment facility were nearly \$250,000 greater than engineering estimates.
- System investment fee revenues continued to be strong. Commercial remodels were responsible for 62% of the total system investment revenue of \$108,092.

2020 was a challenging year for the District. Expenses were monitored closely, and some capital projects were tabled.

CAPITAL ASSETS AND ADMINISTRATION

Major capital assets constructed or purchased in 2020 included the following:

- Four new blowers replaced three blowers nearly 50 years old. The blower project installed new piping to enable air separation between treatment and digestion. Previously, changes made to air levels in the treatment process adversely affected digestion and vice versa. The project will improve the quality of our effluent and enable us to build on these improvements in 2021. The project cost was \$812,000.
- The new blowers are far more energy efficient. We anticipate savings of \$20,000 per year in electrical costs.

- The District completed sewer line improvements in Elkhorn Club Estates and the Moccasin Addition subdivision. Old and undersized clay lines were replaced with PVC (Elkhorn Club) and HDPHE (Moccasin). The Elkhorn Club project added three new manholes.

FUTURE EVENTS THAT WILL FINANCIALLY IMPACT THE DISTRICT.

Climate change remains a chief concern of the District. Fires and flooding have become more commonplace 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 faces:

- 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.
- 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. 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 may 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.

ESTES PARK SANITATION DISTRICT

STATEMENT OF NET POSITION

| December 31 | 2020 |
|--|---------------------|
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash | \$ 96,273 |
| Investments | 1,845,114 |
| Accounts receivable, user fees | 222,802 |
| Inventories | 20,116 |
| Total Current Assets | 2,184,305 |
| Utility Plant in Service | 7,735,834 |
| TOTAL ASSETS | \$ 9,920,139 |
| <u>LIABILITIES</u> | |
| Current Liabilities: | |
| Current portion of long term liabilities | \$ 189,789 |
| Accounts payable | 38,011 |
| Accrued expenses payable | 70,035 |
| Total Current Liabilities | 297,835 |
| Non-current Liabilities | |
| Revenue note payable | 3,221,956 |
| Total Non-Current Liabilities | 3,221,956 |
| TOTAL LIABILITIES | 3,519,791 |
| <u>NET POSITION</u> | |
| Net investment in Capital Assets | 4,324,089 |
| Unrestricted, designated | 2,007,110 |
| Unrestricted, undesignated | 69,149 |
| TOTAL NET POSITION | \$ 6,400,348 |

ESTES PARK SANITATION DISTRICT

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

| Year Ended December 31 | 2020 |
|---------------------------------|--------------|
| Revenue: | |
| User fee income | \$ 1,507,333 |
| FOG non-compliance fees | 21,326 |
| Lift station fees | 7,980 |
| Account maintenance fee | 45,785 |
| Miscellaneous income | 20,054 |
| Total Revenue | 1,602,478 |
| Expenses: | |
| Treatment | 864,736 |
| Collection | 349,192 |
| Administration | 337,542 |
| Total Operating Expenses | 1,551,470 |
| Net Operating Income | 51,008 |
| Other Income: | |
| Interest income | 11,271 |
| Gain on sale of assets | 2,144 |
| System development fees | 108,092 |
| Total Other Income | 121,507 |
| Increase in net position | 172,515 |
| Net Position, Beginning of Year | 6,227,833 |
| Net Position, End of Year | \$ 6,400,348 |

See Accompanying Notes to Financial Statements.

ESTES PARK SANITATION DISTRICT

STATEMENT OF CASH FLOWS

| Year Ended December 31 | 2020 |
|---|--------------|
| Cash Flows from Operating Activities: | |
| Cash receipts from customers | \$ 1,636,925 |
| Payments to suppliers and employees | (1,131,138) |
| Net Cash Provided by Operating Activities | 505,787 |
| 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 | (942,763) |
| Payments on note payable | (186,050) |
| System development fees received | 108,092 |
| Net Cash Used by Capital and Related Financing Activities | (1,020,721) |
| Cash Flows from Investing Activities: | |
| Sale of investments | 586,161 |
| Proceeds on sale of fixed asset | 2,144 |
| Interest and dividends received | 11,271 |
| Net Cash Provided by Investing Activities | 599,576 |
| Net Increase in Cash and Cash Equivalents | 84,642 |
| Cash and Cash Equivalents, Beginning of Year | 11,631 |
| Cash and Cash Equivalents, End of Year | \$ 96,273 |

| | |
|--|------------|
| Reconciliation of Operating Income to Net Cash Provided by | |
| Operating Activities: | |
| Operating income | \$ 51,008 |
| Depreciation expense | 413,758 |
| Change in operating assets and liabilities: | |
| (Increase) decrease in: | |
| Receivables | 34,448 |
| Prepaid expenses | (83) |
| Increase (decrease) in: | |
| Accrued expenses payable | 6,656 |
| Net Cash Provided by Operating Activities | \$ 505,787 |

See Accompanying Notes to Financial Statements.

ESTES PARK SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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.

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.

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.

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.

ESTES PARK SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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.

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 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.

ESTES PARK SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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 \$39,102 for this in 2020.

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.

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 |

ESTES PARK SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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, 2020, the District had invested \$1,845,114 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

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.

NOTE 3 – Utility Plant in Service:

A summary of changes in Utility Plant in Service follows:

| | Balance 1/1/20 | Additions | Deletions | Balance 12/31/20 |
|--------------------------|-------------------|------------|-----------|---------------------|
| Land & easements | \$ 108,430 | \$ -- | \$ -- | \$ 108,430 |
| Buildings & improvements | 115,892 | -- | -- | 115,892 |
| Plant | 8,270,197 | 601,693 | 94,301 | 8,777,589 |
| Collection system | 2,301,343 | 18,402 | -- | 2,319,745 |
| Equipment | 925,465 | 322,667 | -- | 1,248,132 |
| | 11,721,327 | 942,762 | 94,301 | 12,569,788 |
| Accumulated depreciation | (4,514,498) | (413,757) | (94,301) | (4,833,954) |
| Net Utility Plant | \$ 7,206,829 | \$ 529,005 | \$ -- | \$ 7,735,834 |

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 1st and November 1st. 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 1st and November 1st. Both notes are secured by the sewer revenue of the District.

A summary of changes in Revenue Notes Payable flows:

| | Balance 1/1/2020 | Reduction | Balance 12/31/2020 |
|----------------------|---------------------|-------------------|-----------------------|
| Revenue Note W14F340 | \$ 2,491,453 | \$ 128,838 | \$ 2,362,615 |
| Revenue Note W15F361 | 1,106,341 | 57,211 | 1,049,130 |
| | <u>\$ 3,597,794</u> | <u>\$ 186,049</u> | <u>\$ 3,411,745</u> |

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

| Years Ending December 31 | Principal | | Interest | |
|--------------------------|---------------------|---------------------|-------------------|-------------------|
| | W14F340 | W15F361 | W14F340 | W15F361 |
| 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 | 142,318 | 63,197 | 35,709 | 15,857 |
| 2026-2036 | 1,678,521 | 745,355 | 190,757 | 84,706 |
| | <u>\$ 2,362,615</u> | <u>\$ 1,049,130</u> | <u>\$ 396,796</u> | <u>\$ 176,199</u> |

ESTES PARK SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Net Position:

Net position is presented reflecting the portion of the net investment in capital assets and the remainder divided between designated and undesignated as follows:

| December 31 | 2020 | 2019 |
|----------------------------------|--------------|--------------|
| Net Investment in capital assets | \$ 4,324,089 | \$ 3,609,035 |
| Designated: | | |
| Vehicle/equipment reserve | 120,871 | 75,871 |
| Plant reserve | 1,658,130 | 1,605,038 |
| Lines reserve | 208,370 | 169,062 |
| Employee compensated absences | 19,739 | 26,211 |
| | 2,007,110 | 1,876,182 |
| Undesignated | 69,149 | 742,616 |
| | \$ 6,400,348 | \$ 6,227,833 |

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.

SUPPLEMENTARY INFORMATION

ESTES PARK SANITATION DISTRICT

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

| Year Ended December 31, 2020 | Actual | Final Budget | Variance |
|--|-------------------|-------------------|------------------|
| Revenues: | | | |
| User fee income | \$1,507,333 | \$ 1,464,182 | \$ 43,151 |
| FOG non-compliance fees | 21,326 | 20,492 | 834 |
| Lift station fees | 7,980 | 7,890 | 90 |
| Miscellaneous income | 20,054 | 20,500 | (446) |
| Account maintenance fee | 45,785 | 45,620 | 165 |
| Total Operating Revenue | 1,602,478 | 1,558,684 | 43,794 |
| Nonoperating Revenue: | | | |
| Interest income | 11,271 | 10,850 | 421 |
| Sale of assets | 2,144 | - | 2,144 |
| System development fees | 108,092 | 107,700 | 392 |
| Total Nonoperating Income | 121,507 | 118,550 | 2,957 |
| Total Revenue and Contributions | 1,723,985 | 1,677,234 | 46,751 |
| Expenditures: | | | |
| Treatment expenses: | | | |
| Payroll: | | | |
| Salaries | \$ 225,238 | \$ 235,000 | \$ 9,762 |
| Payroll taxes | 19,139 | 18,000 | (1,139) |
| Employee benefits | 47,028 | 47,932 | 904 |
| Employee clothing | 575 | 1,650 | 1,075 |
| Workmen's compensation | 2,556 | 3,568 | 1,012 |
| Total Payroll - Treatment | 294,536 | 306,150 | 11,614 |
| Operations: | | | |
| Biosolids removal | 25,986 | 35,000 | 9,014 |
| Chemicals | 31,084 | 35,000 | 3,916 |
| Education & training | 990 | 2,000 | 1,010 |
| Utilities: Natural gas | 4,436 | 4,563 | 127 |
| Lab tests & supplies | 18,148 | 16,860 | (1,288) |
| Repairs & maintenance: Plant | 36,485 | 35,000 | (1,485) |
| Miscellaneous | 529 | 375 | (154) |
| Utilities: Electricity | 92,360 | 100,000 | 7,640 |
| Communications | 2,116 | 2,264 | 148 |
| Repairs & maintenance: Vehicle | 2,436 | 3,200 | 764 |
| Utilities: Potable water | 2,371 | 2,367 | (4) |
| Total Operations - Treatment | 216,941 | 236,629 | 19,688 |
| Total Treatment Expenses | \$ 511,477 | \$ 542,779 | \$ 31,302 |

ESTES PARK SANITATION DISTRICT

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

| Year Ended December 31, 2020 | Actual | Final Budget | Variance |
|----------------------------------|------------|--------------|-----------|
| Collection expenses: | | | |
| Payroll: | | | |
| Salaries | \$ 194,223 | \$ 199,500 | \$ 5,277 |
| Payroll taxes | 16,481 | 17,500 | 1,019 |
| Employee benefits | 49,377 | 53,771 | 4,394 |
| Employee clothing | 1,905 | 1,650 | (255) |
| Workmen's compensation | 2,076 | 3,250 | 1,174 |
| Total Payroll - Collection | 264,062 | 275,671 | 11,609 |
| Operations: | | | - |
| Education & training | 635 | 1,200 | 565 |
| Repairs & maintenance: equipment | 12,391 | 12,913 | 522 |
| Miscellaneous | 103 | 200 | 97 |
| Collection maintenance | 12,696 | 10,000 | (2,696) |
| Communications | 2,083 | 2,160 | 77 |
| Repairs & maintenance: vehicle | 2,768 | 3,500 | 732 |
| Property maintenance | - | 200 | 200 |
| Lift station variable costs | - | 5,000 | 5,000 |
| Total Operations - Collection | 30,676 | 35,173 | 4,497 |
| Total Collection Expenses | \$ 294,738 | \$ 310,844 | \$ 16,106 |

ESTES PARK SANITATION DISTRICT

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

| Year Ended December 31, 2020 | Actual | Final Budget | Variance |
|--|---------------------|---------------------|-------------------|
| Administrative expenses: | | | |
| Payroll: | | | |
| Salaries | \$ 138,185 | \$ 136,865 | \$ (1,320) |
| Directors salaries | 5,100 | 5,100 | - |
| Payroll taxes | 10,669 | 12,021 | 1,352 |
| Employee benefits | 32,167 | 36,109 | 3,942 |
| Employee clothing | 265 | - | (265) |
| Workmen's compensation | 124 | 165 | 41 |
| Total Payroll - Administrative | 186,510 | 190,260 | 3,750 |
| Operations: | | | |
| Bank charges | 3,101 | 3,439 | 338 |
| Education | - | 500 | 500 |
| Insurance | 29,007 | 29,007 | - |
| Permit fees | 7,867 | 8,250 | 383 |
| Miscellaneous | 1 | 1,000 | 999 |
| Office maintenance and utilities | 2,138 | 2,350 | 212 |
| Office supplies | 8,676 | 8,250 | (426) |
| Professional fees | 17,761 | 20,000 | 2,239 |
| Publications | 788 | 851 | 63 |
| Communications | 2,353 | 2,421 | 68 |
| Vehicle | 1,744 | 1,895 | 151 |
| Election Expense | 521 | 1,000 | 479 |
| Total Operations - Administrative | 73,957 | 78,963 | 5,006 |
| Total Administrative Expenses | 260,467 | 269,223 | 8,756 |
| Other Budgeted items: | | | |
| Purchase/construction of fixed assets | 942,763 | 942,403 | (360) |
| Interest payment on debt | 71,030 | 71,030 | - |
| Principal repayment on debt | 186,050 | 186,050 | - |
| Total Other Budgeted Items | 1,199,843 | 1,199,483 | (360) |
| Total Expenditures | 2,266,525 | 2,322,329 | 55,804 |
| Net Income - Budget Basis | \$ (542,540) | \$ (645,095) | \$ 102,555 |
| Reconciliation of Net Income - Budget Basis to Net Income - GAAP Basis: | | | |
| Capital Outlay | 942,763 | | |
| Debt repayment | 186,050 | | |
| Depreciation Expense | (413,758) | | |
| Net Income - GAAP Basis | \$ 172,515 | | |