



South Fort Collins Sanitation District

Financial Statements and Supplementary Information For the Years Ended December 31, 2020 and 2019

South Fort Collins Sanitation District

Contents

Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 11
Basic Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14 - 15
Notes to Financial Statements	16 - 26
Supplementary Information	
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)	27 - 30



Independent Auditor's Report

Board of Directors
South Fort Collins Sanitation District
Fort Collins, Colorado

Opinion

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the 2020 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 2020 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is



not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matter

Prior Year Financial Statements

The 2019 financial statements of the District were audited by ACM LLP (ACM), whose partners and professional staff joined BDO USA, LLP as of August 1, 2020, and has subsequently ceased operations. ACM's report dated September 14, 2020 expressed an unmodified opinion on those statements.

The report of ACM dated September 14, 2020, stated that the Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) for the year ended December 31, 2019 was subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those 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 and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

Required Supplementary Information



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

BDO USA, LLP

April 27, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

The South Fort Collins Sanitation District (the "District") offers the readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2020. In addition to this overview and analysis based on currently known facts, decisions and conditions, the District would encourage readers to consider the information presented in the District's financial statements, which begin on page 12 of this report.

FINANCIAL HIGHLIGHTS

- ❖ The assets of the District exceeded its liabilities and deferred inflows of resources at the end of the fiscal year ended December 31, 2020 by \$152.0 million (net position). Of the net position balance, \$26.9 million is unrestricted and is available to meet the District's ongoing obligations in accordance with the District's fund designations and fiscal policies.
- ❖ The District's net position increased by \$5.6 million (3.8%).
- ❖ The District's revenue from customer service charges, its principal operating revenue, increased by \$49.2 thousand (0.8%) during fiscal year 2020. This is due to the increased number of taps serviced and the increase in multifamily taps. Service charge revenue for non-residential customers is based upon water usage.
- ❖ The number of customers served by the District increased by 251 taps (0.8%) in 2020, generating \$3.8 million in system development and impact fees as part of capital contributions. The District served a total of 15,537 taps at year end.
- ❖ The District accepted 8 new projects for the year ended December 31, 2020, representing \$1.3 million in capital contributions.
- ❖ The District maintained its property tax mill levy at 0.5 mills which generated \$438.6 thousand in revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District operates as a special district under Title 32 of the laws of the State of Colorado. Accordingly, the financial statements are prepared to account for operations similar to a business-type enterprise. The basic financial statements include statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows shown on a comparative basis with the prior year. The notes to the financial statements are considered to be an integral part of the basic financial statements since they provide additional information needed to gain a full understanding of the data provided.

- ❖ The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between assets, and liabilities and deferred inflows of resources is

reported as net position. Over time, increases and decreases in net position may provide an indication of whether the District's financial position is improving or deteriorating. The statement also provides the basis for determining the overall financial health of the District including liquidity and financial flexibility.

- ❖ The statement of revenues, expenses, and changes in net position presents information reflecting how the District's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., service charges billed but not received at year end, invoicing from vendors received but not paid by year end and earned but unused vacation leave). This statement measures the success of the District's overall operation and can be used to determine whether the District's user fee, rates and changes are sufficient to recover operating costs.
- ❖ The statement of cash flows present information concerning the District's cash receipts and cash payments during the year. The statement reports the cash receipts, cash payments, and net cash from operations, investing, and capital and non-capital financing activities.

FINANCIAL ANALYSIS OF THE SOUTH FORT COLLINS SANITATION DISTRICT

The financial statements of the District begin on page 12. The true picture of the financial health of the District must be tempered with the operational theory and financial control that is practiced on a daily basis by the District.

Financial Policy and Priorities

The financial goal of the District is to operate as cost efficiently as possible and similar to the practices of private enterprise. The District annually reviews its financial policies to assess their impact on financial activities. Policies that affected financial activities are as follows:

1. Growth within the District pays for its own way.
2. District administration and operations are funded from user fees.
3. Capital improvements to existing District assets and the acquisition of new assets are funded by plant investment fees.

Plant investment fees and monthly service charges are reviewed annually. The current level of these fees has been determined to be sufficient at this time to provide the necessary revenues to sustain operations and capital construction. The District also requires developers to oversize lines where applicable. In some cases reimbursement agreements are in place between the developer and the District whereby the District collects additional fees from future developers as they attach to the line. These fees are then remitted to the initial developer.

Day-To-Day Operational Control of the District

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

The general government fund was funded in 2020 by a 0.50 total mill levy. This total levy funds general operations of the District.

The District operates as a self-supporting enterprise. The enterprise fund is funded by revenues received from service charges and other sources that are sufficient to cover the day-to-day operating expenses of the District. There are two segments of the enterprise fund: general operations and construction.

The general operations segment is funded primarily from monthly service charges and other miscellaneous revenues received by the District. These revenues cover the daily administration, plant operations and line maintenance expense of the District.

The construction segment of the District can be divided into two categories – capital improvements and growth. Capital improvements are funded from monthly service charges; plant investment fees (PIFs) collected from the sale of taps; growth is funded by the developers who are directly affected by the lines being funded. The District has historically created agreements with developers that allow for the collection of line extension fees that are reimbursable to the developer.

The District's day-to-day operational control involves many levels of planning, forecasting and budgeting. Revenues and expenses are allocated to specific District activities. The staff presents monthly financial reports to the board of directors for review and approval. The reports contain monthly revenues and expenditures compared to the adopted budget. This report is an essential tool that is critical to the District's long-range financial planning efforts.

Overall Financial Position and Results of Operations

Financial Analysis

A summary of the statement of net position is shown as Table A. The total net position represents the difference between the District's total assets and the total liabilities and deferred inflows of resources and are one way to measure the District's health. Increases or decreases in the District's net position are indicators of improving or deteriorating financial health. This information, along with other non-financial information such as population growth or decline, legislative changes or board policy changes, provides an integrated assessment of the District's health.

The table indicates that all of the District's finances are excellent. However, it is important that on a year-to-year basis the District operates within its policies, and that on the budgetary basis the operating revenues exceed operating expenditures.

It is also important to note that in the capital construction portion of the budget, annual expenditures may in some instances exceed the annual revenues when reported on an annual basis. Because it is the policy of the District that growth funds construction, it is possible that some funds recorded as revenues and received from PIF are received in one year and the expenses are not incurred until future years. This difference is accounted for in the overall long range financial planning of the District. Also, funds collected from service charges are invested and may be used at various times to fund operating capital improvements, District-required line oversizing of trunklines and other costs are authorized by the board of directors. A summary of the statement of revenues, expenses and changes in net position is shown in Table B.

Table A
Condensed Statements of Net Position

	December 31,		
	2020	2019	2018
Current Assets	\$ 29,642,218	\$ 35,410,420	\$ 45,627,363
Capital Assets	125,069,754	113,873,712	91,875,809
Total Assets	\$ 154,711,972	\$ 149,284,132	\$ 137,503,172
Current Liabilities	\$ 2,191,826	\$ 2,402,009	\$ 1,231,428
Non-Current Liabilities	66,335	76,649	67,612
Total Liabilities	\$ 2,258,161	\$ 2,478,658	\$ 1,299,040
Deferred Inflows of Resources	\$ 496,343	\$ 456,793	\$ 411,593
Net Position			
Net Investment in Capital Assets	\$ 125,069,754	\$ 113,873,712	\$ 91,875,809
Restricted Emergency Reserve	13,000	12,000	12,000
Unrestricted	26,874,714	32,462,969	43,904,730
Total Net Position	\$ 151,957,468	\$ 146,348,681	\$ 135,792,539

Table B
Condensed Statements of Revenues, Expenses and Changes in Net Assets

	Year ended December 31,		
	2020	2019	2018
Total Operating Revenues	\$ 6,174,322	\$ 6,126,343	\$ 5,587,489
Total Operating Expenses	6,337,310	5,710,581	6,157,446
(Loss) Income from Operations	(162,988)	415,762	(569,957)
Non-Operating Revenues	685,982	1,320,192	1,199,428
Net Income Before Contributions	522,994	1,735,954	629,471
Capital Contributions	5,085,793	8,820,188	10,466,765
Changes in Net Position	5,608,787	10,556,142	11,096,236
Net Assets - Beginning of Year	146,348,681	135,792,539	124,696,303
Net Assets - End of Year	\$151,957,468	\$146,348,681	\$135,792,539

Operating activities decreased the District's net position by \$163 thousand compared to a increase of \$416 thousand in 2019. Key elements of this change are due to the following:

- ❖ There was an overall increase in operating expenses of \$626 thousand (11.0%) with pretreatment, collection and treatment increasing by \$270 thousand mainly due to biosolids removal and chemicals; engineering, office, administration and director fees increasing by \$245 thousand; and depreciation increasing by \$101 thousand. Depreciation expense is \$2.5 million, which is 39.5% of operating expenses.

Non-operating activities increased the District's net position by \$686 thousand.

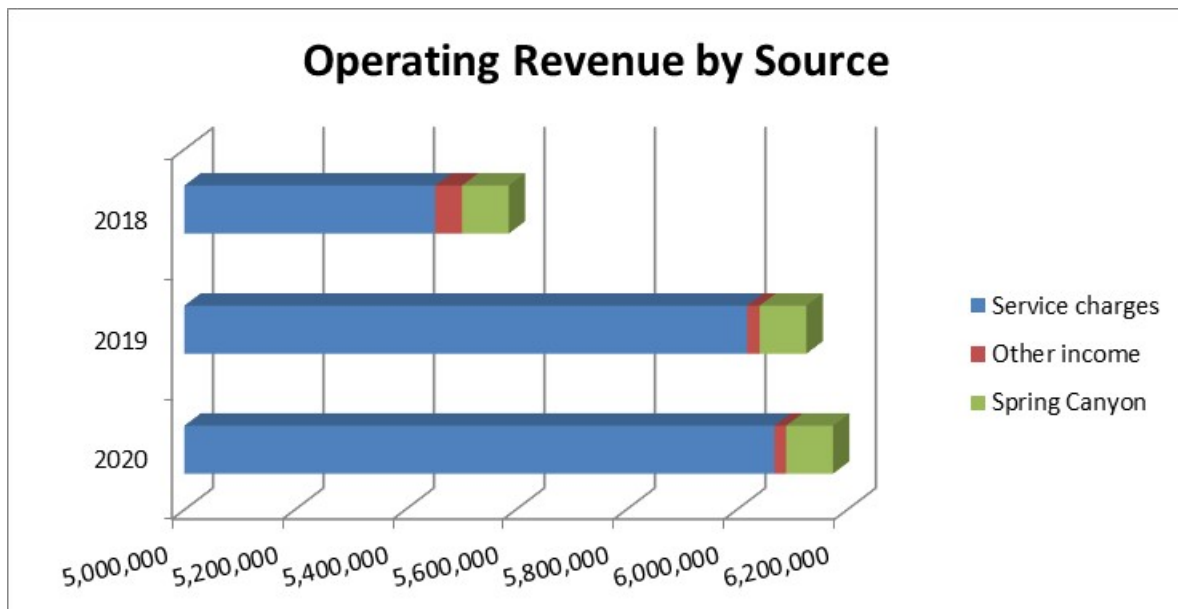
- ❖ Property tax collections \$439 thousand (net of fees) and investment income \$210 thousand.

Capital contributions increased the District's net position by \$5.1 million.

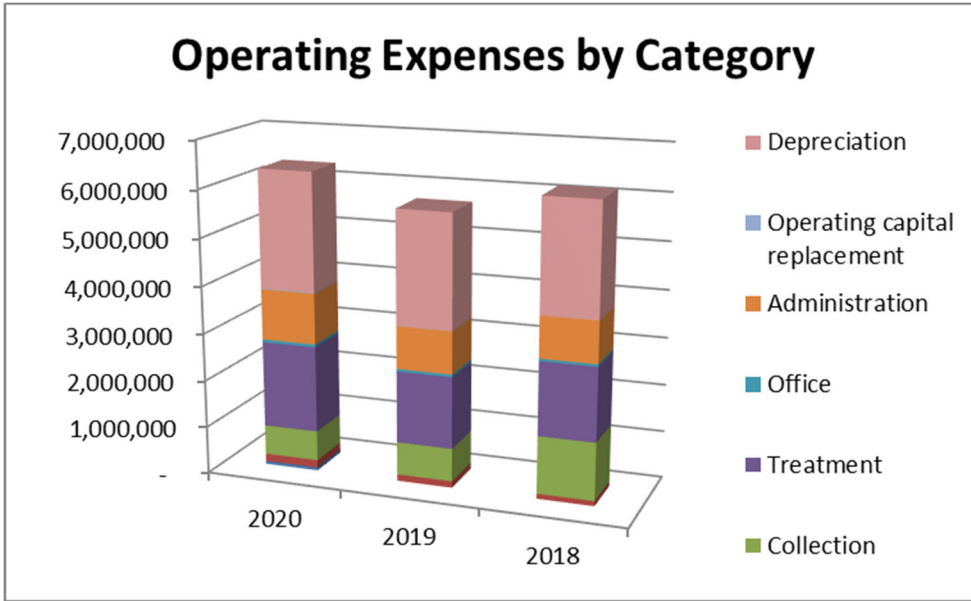
- ❖ Contributions of capital assets were \$1.3 million. These contributions represent collection lines in new subdivisions that were deeded to the District.
- ❖ Other capital contributions of system development fees amounting to \$3.8 million. This consists of tap fees of \$3.5 million. Tap fees represent new residential and non-residential capital payments to the District for the cost of the investment in the treatment plant and replacement of collection lines.

Operating Activities

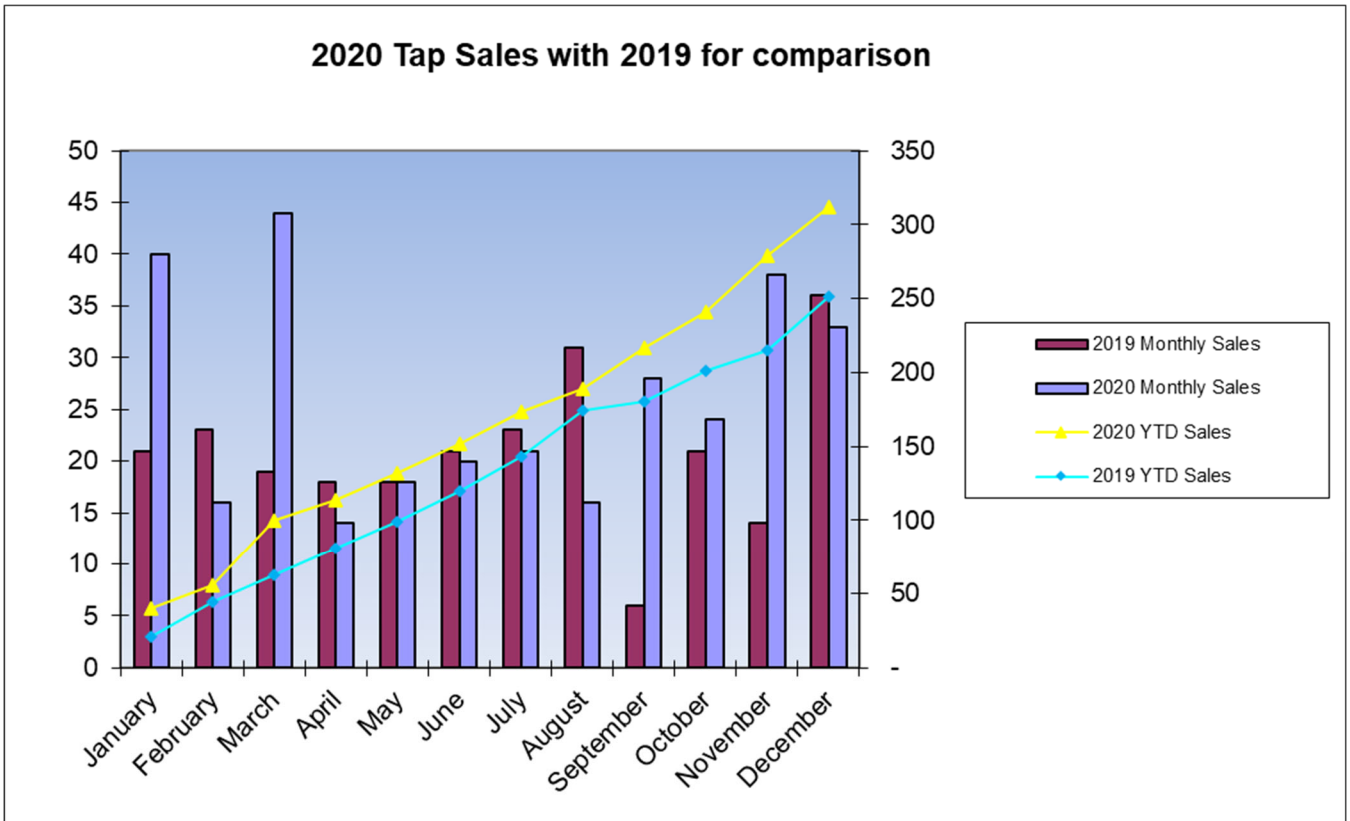
2020 Operating revenues increased the District's Net Position by \$6.2 million



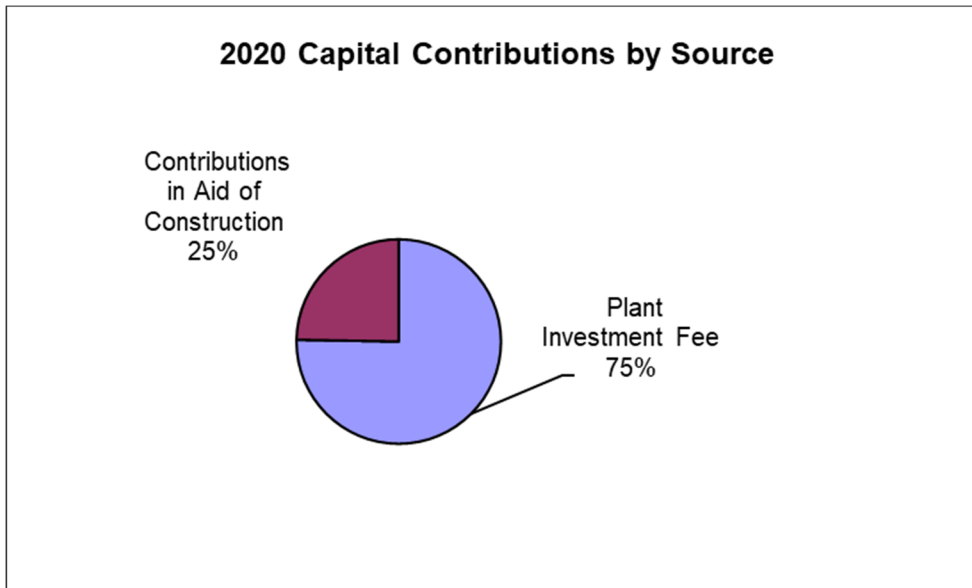
2020 Operating expenses decreased the District's Net Position by \$6.3 million



Active taps grew by 312 in 2020



Capital contributions increased the District's Net Position by \$5.1 million



Budgetary Highlights

The District prepares its budget on a modified accrual basis, which is a non-GAAP basis of accounting. The modified accrual basis reports capital contributions as revenue, capital purchases as expense and does not report depreciation as an expense. A schedule of revenues and expenditures - budget and actual begins on page 27 of this report.

The variance between actual revenues over expenditures and the budget amounted to a favorable \$12.2 million and is summarized as follows:

- ❖ Tap fee revenue was \$2.1 million over budget.
- ❖ Engineering expenses were \$39 thousand under budget.
- ❖ Collection system expenses were \$165 thousand under budget as a result of wages (\$70 thousand), and utility locates (\$32 thousand).
- ❖ Pretreatment and Treatment system expenses were \$32 thousand over budget. Significant items over budget are: pretreatment consulting (\$52 thousand), plant utilities (\$58 thousand), and repairs and maintenance for the plant (\$38 thousand).
- ❖ Office and Administration were \$12 thousand over budget. Significant items over budget are: consulting (\$17 thousand) and legal expenses (\$26 thousand).
- ❖ Operating and nonoperating capital purchases were \$9.7 million under budget. This is due to the wastewater reclamation facility construction project.

Capital Assets and Long-Term Debt

Capital Assets. The District's investment in capital assets as of December 31, 2020 amounted to \$125 million (net of accumulated depreciation). This investment in capital assets includes land and easements, collection system lines, buildings and improvements, machinery, equipment and wastewater infrastructure.

Additional information on the District's capital assets can be found in Note 4 on pages 22 and 23 of this report.

Long-term debt. The District has no revenue or general obligation long-term debt outstanding.

Next Year's Budget and Rates

The District will enter 2021 with \$28 million in cash which represents an decrease over 2020 beginning balances of \$6 million. It is anticipated that the District balances will decrease during 2021 due to the finalization of the construction of an expansion on the wastewater reclamation facility.

Conditions Impacting Future Operations

- ❖ The District is expecting to see moderate tap sales for the near future. The District remains in a growth area in Northern Colorado. The proposed subdivisions in the Timnath growth area will add 3,000 to 5,000 units over the next five to ten years.
- ❖ The recovery of the U.S. and local economies along with historically low interest rates continues to be reflected in the number of new taps sales. Tap sales will continue to increase or decrease as the economy improves or wanes.
- ❖ As the District grows and ages, critical infrastructure will need to be monitored for preventative maintenance and potential expansion. These costs, coupled with rising construction indices, will impact the District on all future projects.
- ❖ A significant risk to the District is the ability of state and federal regulatory agencies to impose new rules on the treatment of wastewater and its discharge at any time. Maintaining compliance with any new rules has the potential to be costly to the operations of the District.

Contact

Questions concerning any of the information presented in this report or requests for additional information should be directed to the District's manager at the following address:

Chris Matkins
General Manager
5150 Snead Drive
Ft. Collins, CO 80525

Basic Financial Statements

SOUTH FORT COLLINS SANITATION DISTRICT
Statements of Net Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 28,102,724	\$ 34,049,250
Receivables	1,341,572	1,240,608
Prepaid items	197,922	120,562
Total Current Assets	29,642,218	35,410,420
Capital Assets		
Land, easements and construction in progress	36,337,716	24,069,149
Depreciable capital assets, net of accumulated depreciation	88,732,038	89,804,563
Total Capital Assets	125,069,754	113,873,712
Total Assets	154,711,972	149,284,132
LIABILITIES		
Current Liabilities		
Accounts payable	1,009,132	1,434,754
Accrued expenses	1,182,694	967,255
Total Current Liabilities	2,191,826	2,402,009
Non-current Liabilities		
Accrued compensated absences	66,335	76,649
Total Non-Current Liabilities	66,335	76,649
Total Liabilities	2,258,161	2,478,658
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue - property taxes	496,343	456,793
Total Deferred Inflows of Resources	496,343	456,793
NET POSITION		
Net investment in capital assets	125,069,754	113,873,712
Restricted for emergencies	13,000	12,000
Unrestricted net position	26,874,714	32,462,969
Total Net Position	\$ 151,957,468	\$ 146,348,681

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

SOUTH FORT COLLINS SANITATION DISTRICT
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
Sewer charges and other services	\$ 6,174,322	\$ 6,126,343
Total Operating Revenues	6,174,322	6,126,343
Operating Expenses		
Engineering	61,506	-
Pretreatment	163,259	137,863
Collection	635,196	698,064
Treatment	1,825,276	1,517,613
Office	60,175	53,634
Administration	1,064,623	882,327
Operating capital replacement	15,112	5,007
Depreciation	2,500,165	2,398,765
Directors fees and expenses	11,998	17,308
Total Operating Expenses	6,337,310	5,710,581
(Loss) Income from Operations	(162,988)	415,762
Non-Operating Revenues		
Property taxes - net of fees	438,559	400,934
Inclusion fees	37,296	24,324
Interest income on investments - net of fees	210,127	874,934
Gain on sale of capital assets	-	20,000
Total Non-Operating Revenues	685,982	1,320,192
Income before Capital Contributions	522,994	1,735,954
Capital Contributions	5,085,793	8,820,188
Change in Net Position	5,608,787	10,556,142
Total Net Position - Beginning	146,348,681	135,792,539
Total Net Position - Ending	\$ 151,957,468	\$ 146,348,681

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

SOUTH FORT COLLINS SANITATION DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Cash received from customers	\$ 6,112,908	\$ 6,113,478
Cash paid to suppliers	(3,752,558)	(1,679,427)
Cash paid to employees	(1,251,728)	(1,181,288)
Net cash flows from operating activities	1,108,622	3,252,763
Cash flows from noncapital financing activities		
Property taxes	446,843	411,461
Property tax collection fees	(8,284)	(7,522)
Inclusion fees	37,296	24,324
Net cash flows from noncapital financing activities	475,855	428,263
Cash flows from capital and related financing activities		
Contributed capital	3,828,500	3,467,700
Acquisition of capital assets	(11,569,630)	(18,264,236)
Net cash flows from capital and related financing activities	(7,741,130)	(14,796,536)
Cash flows from investing activities		
Earnings on investments	210,127	874,934
Net cash flows from investing activities	210,127	874,934
Net change in cash and cash equivalents	(5,946,526)	(10,240,576)
Cash and cash equivalents at beginning of year	34,049,250	44,289,826
Cash and cash equivalents at end of year	\$ 28,102,724	\$ 34,049,250

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

SOUTH FORT COLLINS SANITATION DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of (loss) income from operations to net cash flows from operating activities:		
(Loss) income from operations	\$ (162,988)	\$ 415,762
Adjustments to reconcile operating (loss) income to net cash flows from operating activities:		
Depreciation	2,500,165	2,398,765
Changes in assets and liabilities:		
Receivables	(61,414)	(12,865)
Prepaid items	(77,360)	31,427
Accounts payable and accrued expenses	(1,079,467)	410,637
Accrued compensated absences	(10,314)	9,037
Net cash flows from operating activities	\$ 1,108,622	\$ 3,252,763
 Noncash capital and related financing transactions		
Capital assets contributed	\$ 1,257,293	\$ 5,352,488
Capital asset additions included in accounts payable	\$ 869,284	\$ 759,944
Gain in trade-in	\$ -	\$ 20,000

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

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

1. Summary of Significant Accounting Policies

Form of Organization

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

Basis of Accounting

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

Financial Reporting Entity

For financial reporting purposes, management has considered all potential component units in defining the District. The basic criterion for including a potential component unit is the District's ability to exercise significant operational control or financial accountability with the District. Financial relationship or operational control is determined on the basis of the District's obligation to fund deficits, responsibility for debt, budgetary authority, fiscal management, selection of governing authority and/or management, and the ability to significantly influence operations.

Based on the criteria mentioned above, no other entities are considered to be component units of the District, nor is the District a component unit of any other governmental entity.

Basic Financial Statements

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

Basis of Presentation

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statements of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Total net position is segregated into net investment in capital assets, restricted for emergencies, and unrestricted net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with the state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments on debt are budgeted as expenditures, and debt proceeds are budgeted as revenues and depreciation and contributed capital assets are not budgeted.

1. On or about October 15, the District staff submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular Board meetings to obtain taxpayer comments.
3. Prior to December 15, the budget is legally adopted by the Board of Directors.
4. Unused appropriations lapse at the end of each year.

Total appropriated expenditures for the District are as follows:

	Original Budget	Total Revision	Revised Budget
Business-Type Fund:			
Governmental function	\$ 33,435	\$ -	\$ 33,435
Enterprise function	26,092,423	-	26,092,423

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

	2020	2019
Change in net position	\$5,608,787	\$ 10,556,142
Depreciation	2,500,165	2,398,765
Non-cash capital contributions	(1,257,293)	(5,352,488)
Acquisition of capital assets (cash and non-cash)	(12,438,914)	(19,024,180)
Gain on sale of capital assets	-	(20,000)
Excess expenditures over revenues, budgetary basis	\$(5,587,255)	\$(11,441,761)

Cash and Cash Equivalents

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

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

Investments

The District's investments consist of U.S. government securities, with original maturities of greater than three months, and are carried at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Accounts Receivable and Allowance for Doubtful Accounts

Revenues are recognized when earned. Customers are billed monthly on 30-day cycles. Accounts receivable result from the timing of billed accounts and are shown net of an allowance for doubtful accounts. User and other similar fees set from time to time by the District's governing board constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed in the same manner as provided by the laws of the State of Colorado. The District has determined that no allowance is necessary at December 31, 2020 or 2019, based on historical collection experience.

Capital Assets

Capital assets purchased or acquired with an original cost or acquisition value at the date of donation, if donated, of greater than \$5,000 and expected life greater than 12 months are reported at historical cost. Property replacements and improvements, which extend the lives of assets, are capitalized and subsequently depreciated. Contributed assets are reported at their fair market value at the date received. The cost of maintenance and repairs is charged against income as incurred.

Depreciation has been computed using the straight-line method based on lives of 50 years for sewer lines and the sewage treatment plant and 3 to 20 years for equipment.

Accrued Compensated Absences Payable

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability.

The following is a summary of activity in accrued compensated absences for the years ended December 31:

	Beginning	Additions	Deletions	Ending
2020	\$ 76,649	\$ 58,512	\$ (68,826)	\$ 66,335
2019	\$ 67,612	\$ 60,012	\$ (50,975)	\$ 76,649

Deferred Inflows of Resources

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

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

Net Position

Net position is classified in the following categories:

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

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

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

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

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services in connection with the District’s purpose of providing sanitary sewer services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation expense. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses or capital contributions.

Connection Fees

Potential customers seeking to connect to the sewer treatment system must make a formal, written request to the District. If the application is approved, the applicant may purchase a tap by paying a plant investment fee (“PIF”) of \$6,200 per single-family equivalent (“SFE”). District plant investment fees for non-residential customers are based on the size of the water tap.

Property Taxes

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on the last day of February and June 15, or in full on April 30. The District uses the Larimer County Treasurer to bill and collect its property taxes. Taxes levied in December 2020 are recorded as taxes receivable and deferred inflows of resources as of December 31, 2020.

Contributions in Aid of Construction

Contributions of cash and collection and transmission lines to the District by developers, customers or by agreements with others are treated as capital contributions on the District’s statements of revenues, expenses and changes in net position.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

Use of Estimates

Preparation of the District’s financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

Cash Deposits

Custodial Credit Risk

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The District’s deposit policy is in accordance with C.R.S. 11-10.5-101, Colorado Public Deposit Protection Act (“PDPA”), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution, or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor, and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2020, the District had deposits with financial institutions with a carrying amount of \$2,114,469. The bank balances with the financial institutions were \$2,873,855, of which, \$250,000 was covered by federal depository insurance. The remaining balance of \$2,623,855 was collateralized with securities held by the financial institutions’ agents but not in the District’s name. At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$2,801,624. The bank balances with the financial institutions were \$2,121,282 of which \$250,000 was covered by federal depository insurance. The remaining balance of \$1,871,282 was collateralized with securities held by the financial institutions’ agents but not in the District’s name.

Cash deposits and cash equivalents held by the District at December 31, 2020 and 2019, were as follows:

	2020	2019
Petty cash	\$ 50	\$ 50
Cash on deposit with financial institutions	2,114,469	2,801,624
Local government investment pool	25,988,205	31,247,576
Total cash and cash equivalents	\$28,102,724	\$34,049,250

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

Local Government Investment Pools

As of December 31, 2020 and 2019, the District had invested balances of \$7,157,288 and \$10,435,814 in CSAFE, an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE is a highly liquid fund operating similarly to a money market-like fund and each share is equal in value to \$1.00. CSAFE measures all of its investment at amortized cost in accordance with GASB Statement No. 79. CSAFE invests primarily in United States Treasuries, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, AAAM rated money market funds, highly rated corporate bonds and Colorado Depositories. The weighted average maturity of the portfolio shall not exceed 60 days and the weighted average life of the portfolio shall not exceed 120 days. CSAFE is rated AAAM by Standard & Poor's. The District reports this investment value at amortized cost.

At December 31, 2020 and 2019, the District had invested \$18,830,917 and \$20,811,762 in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Investments

Credit Risk

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

District policy is to hold investments until maturity.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

Interest Rate Risk

The District's investment policy, established July 11, 1994, follows the guidelines and limitations set forth by the C.R.S. The policy limits investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value fluctuations arising from increasing interest rates.

There were no investments held by the District at December 31, 2020 and 2019.

3. Receivables

Receivables at December 31, 2020 and 2019, consisted of the following:

	2020	2019
Trade accounts receivable	\$ 845,229	\$ 773,959
Property taxes receivable	496,343	456,793
Accrued interest receivable	-	9,856
Total receivables	\$ 1,341,572	\$ 1,240,608

4. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2020:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 23,131,577	\$ 12,268,567	\$ -	\$ 35,400,144
Land and easements	937,572	-	-	937,572
Total capital assets, not being depreciated	24,069,149	12,268,567	-	36,337,716
Capital assets, being depreciated:				
Sewer lines	81,567,079	1,387,786	-	82,954,865
Sewage treatment plant	38,271,810	-	-	38,271,810
Equipment	1,175,645	39,854	(4,747)	1,210,752
Total capital assets, being depreciated	121,014,534	1,427,640	(4,747)	122,437,427
Less accumulated depreciation for:				
Sewer lines	(22,989,837)	(1,634,587)	-	(24,624,424)
Sewage treatment plant	(7,233,583)	(795,488)	-	(8,029,071)
Equipment	(986,551)	(70,090)	4,747	(1,051,894)
Total accumulated depreciation	(31,209,971)	(2,500,165)	4,747	(33,705,389)
Total capital assets, being depreciated, net	89,804,563	(1,072,525)	-	88,732,038
Capital assets, net	\$ 113,873,712	\$ 11,196,042	\$ -	\$ 125,069,754

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

The following is a summary of capital asset activity for the year ended December 31, 2019:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 4,137,223	\$ 18,994,354	\$ -	\$ 23,131,577
Land and easements	937,572	-	-	937,572
Total capital assets, not being depreciated	5,074,795	18,994,354	-	24,069,149
Capital assets, being depreciated:				
Sewer lines	76,211,844	5,359,789	(4,554)	81,567,079
Sewage treatment plant	38,271,810	-	-	38,271,810
Equipment	1,174,152	42,525	(41,032)	1,175,645
Total capital assets, being depreciated	115,657,806	5,402,314	(45,586)	121,014,534
Less accumulated depreciation for:				
Sewer lines	(21,463,330)	(1,531,061)	4,554	(22,989,837)
Sewage treatment plant	(6,437,612)	(795,971)	-	(7,233,583)
Equipment	(955,850)	(71,733)	41,032	(986,551)
Total accumulated depreciation	(28,856,792)	(2,398,765)	45,586	(31,209,971)
Total capital assets, being depreciated, net	86,801,014	3,003,549	-	89,804,563
Capital assets, net	\$ 91,875,809	\$ 21,997,903	\$ -	\$ 113,873,712

5. Commitments and Contingency

Commitments

The District signed a contract with Hydro Construction to complete the construction of a wastewater treatment plant expansion for \$32,146,424. The project is anticipated to be completed in 2021. At December 31, 2020 and 2019, \$715,822 and \$1,281,359, respectively, is included in accounts payable. At December 31, 2020 and 2019, the remaining amount of the contract is \$5,651,955 and \$16,548,319, respectively.

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, or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool ("CSDPLP"). The CSDPLP is an organization composed of approximately 1,100 members created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability, and boiler and machinery coverage to its members. The CSDPLP provides coverage for property claims up to the values declared and liability and public official's coverage for claims up to \$1,000,000.

At December 31, 2019, CSDPLP has assets of \$55,602,023, liabilities of \$33,163,342 and surplus of \$22,438,681. The liability includes no long-term debt. Total underwriting revenues for 2019 amounted to \$22,436,944 and total underwriting expenses were \$25,355,739 resulting in an excess of underwriting expenses over revenues of \$2,918,795. The amount of the District's share of these amounts is less than 1%.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

6. Transactions with Other Governmental Entities

The District pays the Fort Collins-Loveland Water District, with separately elected officers, a monthly fee for its management. The two Districts provide water and wastewater services to a service area with similar boundaries. Total expense for each of the years ended December 31, 2020 and 2019, was \$802,728 and \$722,840, respectively. As of December 31, 2020 and 2019, the District owed the Fort Collins-Loveland Water District \$70,246 and \$-0-, respectively.

7. Defined Contribution Plan

Effective January 1, 1989, the District established a defined contribution plan, the South Fort Collins Sanitation District 401 Qualified Plan, under Internal Revenue Code Section 401, covering all full-time employees with service of six months or more. Each participant is required to contribute 3% of base pay when eligible. The District contributes 6% of base pay taxable earnings for the plan year on behalf of each participant. The participants are fully vested in employee contributions immediately, and after five years for employer contributions. Employer contributions are to be invested only in guaranteed funds, and employee contributions are unrestricted.

The District's contributions to the plan for the years ending December 31, 2020, 2019 and 2018 were \$45,046, \$41,347 and \$45,258, respectively.

8. 457 Deferred Compensation Plan

The District offers its employees a deferred compensation plan (the "Plan"), created in accordance with Internal Revenue Code Section 457. The Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$19,500 and \$19,000 for the calendar years 2020 and 2019, respectively). Catch-up contributions of up to \$6,000 for calendar years 2020 and 2019, were allowed for participants who had attained age 50 before the close of the plan year. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. For the years ended December 31, 2020 and 2019, the District did not make any contributions to the Plan.

9. Tabor Compliance

In November 1992, Colorado voters passed an amendment (The "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and the fund reserves (balances). The Amendment requires voter approval for an increase in the mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

On August 9, 1995 the District passed a resolution, "Continuing and Clarifying the Establishment of a Sanitation Activity Enterprise." This resolution was passed after much research by legal counsel regarding the status of the District following the passage of the Amendment. Because the District qualifies as an enterprise fund as defined by paragraph 2 (d), Section 20, Article X of the Colorado Constitution, it was determined that the District's Sanitation Enterprise Fund is therefore exempt from the requirements and limitations of Section 20, Article X of the Colorado Constitution.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$13,000 and \$12,000 as of December 31, 2020 and 2019, respectively for emergencies as defined by TABOR.

The Amendment is complex and subject to judicial interpretation.

10. Covid-19 and CARES Act

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 Outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of national, regional, or statewide economic slowdown. This situation has not depressed State or Federal funding during fiscal year 2020, but these funding sources may depress in the future.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security ("CARES") Act." The CARES Act, among other things, includes provisions appropriating funds from programs of the United States Department of the Treasury and Department of Education to be used to make payments for specified uses to states and certain local governments.

The District continues to examine the impact that the CARES Act may have on its operations. As of December 31, 2020, the District had not received any federal funding awards under the CARES Act.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2020 and 2019

11. Subsequent Events

The District evaluated subsequent events through April 27, 2022, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

Supplementary Information

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020
With Comparative Amounts for the Year Ended December 31, 2019

	2020				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2019 Actual
Enterprise function:					
Revenues					
Operating Revenues					
Service charges	\$ 5,768,000	\$ 5,768,000	\$ 6,068,079	\$ 300,079	\$ 6,018,831
Miscellaneous income	5,000	5,000	21,643	16,643	22,912
Revenue - Spring Canyon	84,600	84,600	84,600	-	84,600
Total Operating Revenues	5,857,600	5,857,600	6,174,322	316,722	6,126,343
Non-Operating Revenues					
Interest on investments	400,000	400,000	210,127	(189,873)	874,934
Tap fees	1,705,000	1,705,000	3,828,500	2,123,500	3,462,700
Impact fees	-	-	-	-	5,000
Inclusion fees	-	-	37,296	37,296	24,324
Total Non-Operating Revenues	2,105,000	2,105,000	4,075,923	1,970,923	4,366,958
Operating transfer in	-	-	426,561	426,561	383,626
Total Revenues	7,962,600	7,962,600	10,676,806	2,714,206	10,876,927
Expenditures - Operating					
Engineering					
Consulting	100,000	100,000	61,506	38,494	-
Total Engineering	100,000	100,000	61,506	38,494	-
Pretreatment					
Wages	83,000	83,000	77,792	5,208	79,744
Payroll taxes	6,640	6,640	6,351	289	6,483
Retirement	4,980	4,980	2,272	2,708	4,632
Insurance - medical	9,500	9,500	9,500	-	15,800
Insurance - life	800	800	626	174	819
Workers' comp insurance	1,400	1,400	838	562	793
Cell phone	450	450	356	94	358
Consulting	2,500	2,500	54,473	(51,973)	-
Dues & subscriptions	60	60	186	(126)	-
Education & training	2,500	2,500	330	2,170	490
Fuel	1,625	1,625	181	1,444	319
Lab testing	12,000	12,000	4,413	7,587	27,899
Miscellaneous	400	400	1,998	(1,598)	496
Office supplies	650	650	63	587	30
Public education	800	800	818	(18)	-
R & M - vehicles	1,600	1,600	3,062	(1,462)	-
Total Pretreatment	128,905	128,905	163,259	(34,354)	137,863

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020
With Comparative Amounts for the Year Ended December 31, 2019

	2020				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2019 Actual
Collection					
Wages	336,000	336,000	266,120	69,880	255,229
On-call & overtime	37,000	37,000	30,418	6,582	40,582
Payroll taxes	30,400	30,400	26,004	4,396	23,600
Insurance - medical	42,000	42,000	42,000	-	80,799
Insurance - life	2,500	2,500	2,784	(284)	2,681
Retirement	20,000	20,000	15,240	4,760	14,732
Workers' comp insurance	6,000	6,000	2,739	3,261	3,153
Cell phone	3,000	3,000	3,481	(481)	3,048
Education	6,000	6,000	644	5,356	802
Fuel	16,500	16,500	10,854	5,646	11,745
Miscellaneous	2,100	2,100	3,335	(1,235)	1,840
Office supplies	500	500	717	(217)	80
Power - Boyd Lake	3,900	3,900	3,678	222	3,537
Power - Crossroads	4,000	4,000	3,459	541	3,571
Power - Harmony	4,000	4,000	-	4,000	-
Power - Highland Meadows	9,500	9,500	10,787	(1,287)	11,409
Power - McClelland	2,000	2,000	1,457	543	1,498
Power - Ptarmigan	38,000	38,000	37,157	843	33,791
R & M - lines and lift stations	167,800	167,800	145,953	21,847	182,666
R & M - vehicles	15,000	15,000	7,919	7,081	7,936
Safety program	4,000	4,000	1,700	2,300	372
Supplies	2,000	2,000	1,858	142	1,600
Uniforms	3,000	3,000	3,573	(573)	1,681
Utility locates	45,000	45,000	13,319	31,681	11,712
Total Collection	800,200	800,200	635,196	165,004	698,064
Treatment					
Wages	464,000	464,000	471,579	(7,579)	433,290
On-call & overtime	55,000	55,000	48,065	6,935	42,585
Payroll taxes	41,000	41,000	40,859	141	35,013
Insurance - medical	130,500	130,500	130,500	-	95,000
Insurance - life	4,500	4,500	4,727	(227)	4,001
Retirement	29,900	29,900	27,534	2,366	22,010
Workers' comp insurance	10,000	10,000	4,958	5,042	3,964
Biomonitoring	15,000	15,000	7,050	7,950	9,200
Biosolids removal	150,000	150,000	138,649	11,351	124,799
Chemicals	220,000	220,000	204,768	15,232	130,046
Dues & subscriptions	2,000	2,000	250	1,750	180
Education & training	10,000	10,000	1,670	8,330	8,349
Fuel - standby power	3,000	3,000	2,508	492	2,853
Fuel - vehicle	2,900	2,900	1,934	966	2,908
Janitorial services	6,800	6,800	7,700	(900)	5,600
Lab testing	22,000	22,000	27,837	(5,837)	14,553
Miscellaneous	540	540	28	512	571
Safety	10,000	10,000	8,759	1,241	-
Office supplies	1,000	1,000	349	651	502
Permits	14,500	14,500	16,050	(1,550)	14,378
Utilities - plant	460,000	460,000	518,493	(58,493)	441,489

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020
With Comparative Amounts for the Year Ended December 31, 2019

	2020				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2019 Actual
Cell phones	2,800	2,800	7,411	(4,611)	4,120
R & M - building	10,000	10,000	5,171	4,829	4,315
R & M - grounds	5,000	5,000	1,565	3,435	440
R & M - plant	65,000	65,000	103,484	(38,484)	55,606
R & M - vehicles	1,000	1,000	2,711	(1,711)	1,658
Service contracts	35,100	35,100	9,346	25,754	7,870
Supplies	1,400	1,400	1,573	(173)	2,269
Telephone	6,500	6,500	7,110	(610)	6,504
Trash removal	40,000	40,000	15,111	24,889	34,889
Uniforms	4,500	4,500	2,874	1,626	4,753
Water quality monitoring	2,500	2,500	4,158	(1,658)	2,015
Water usage	2,000	2,000	495	1,505	1,883
Total Treatment	1,828,440	1,828,440	1,825,276	3,164	1,517,613
Office					
Payroll processing	6,200	6,200	6,524	(324)	5,396
Postage	27,000	27,000	29,738	(2,738)	25,872
Printing	18,000	18,000	17,609	391	17,191
Publications & notices	1,000	1,000	392	608	607
Customer relations	10,000	10,000	-	10,000	279
Bank service charges	8,000	8,000	5,912	2,088	4,289
Total Office	70,200	70,200	60,175	10,025	53,634
Administration					
Audit	13,100	13,100	12,900	200	12,419
Consulting	42,500	42,500	59,138	(16,638)	45,425
Contingency	10,000	10,000	5,479	4,521	2,385
Dues & subscriptions	6,500	6,500	6,238	262	6,238
Education & training	2,500	2,500	-	2,500	2,078
Insurance - liability	55,000	55,000	30,957	24,043	45,886
Insurance - property	34,000	34,000	45,481	(11,481)	27,845
Legal	75,000	75,000	101,045	(26,045)	15,782
Management fees - FCLWD	802,728	802,728	802,728	(0)	722,840
Miscellaneous expenses	500	500	657	(157)	1,429
Travel	500	500	-	500	-
Total Administration	1,042,328	1,042,328	1,064,623	(22,295)	882,327
Operating Capital Replacement					
Collection - operating	872,000	872,000	161,400	710,600	10,180
Treatment - operating	8,491,850	8,491,850	4,907,427	3,584,423	7,622,395
Pretreatment	3,500	3,500	4,559	(1,059)	-
Total Operating Capital Replacement	9,367,350	9,367,350	5,073,386	4,293,964	7,632,575
Total Operating Expenses	13,337,423	13,337,423	8,883,421	9,512,276	10,922,076
Capital expenditures - Non-Operating					
Collection	225,000	225,000	-	225,000	-
Treatment	12,500,000	12,500,000	7,380,640	5,119,360	11,396,612
Buildings & grounds	30,000	30,000	-	30,000	-

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020
With Comparative Amounts for the Year Ended December 31, 2019

	2020				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2019 Actual
Total Non-Operating Expenditures	12,755,000	12,755,000	7,380,640	5,374,360	11,396,612
Enterprise (loss)	(18,129,823)	(18,129,823)	(5,587,255)	12,542,568	(11,441,761)
Governmental function:					
Revenues					
Property taxes	416,078	416,078	446,843	30,765	408,456
Expenditures					
Collection fees	8,475	8,475	8,284	191	7,522
Directors fees	12,000	12,000	7,300	4,700	6,800
Directors payroll taxes	960	960	699	261	541
Directors expenses	12,000	12,000	3,999	8,001	9,967
Operating transfer out	-	-	426,561	(426,561)	383,626
Total expenditures	33,435	33,435	446,843	(413,408)	408,456
Excess revenues over expenditures	382,643	382,643	-	(382,643)	-
Deficiency of budgetary revenues over budgetary expenditures	\$ (17,747,180)	\$ (17,747,180)	\$ (5,587,255)	\$ 12,159,925	\$ (11,441,761)

See accompanying independent auditor's report.