



# ESTES PARK SANITATION DISTRICT

FINANCIAL STATEMENTS

Year Ended December 31, 2021



## TABLE OF CONTENTS

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Independent Auditors' Report.....	1
Management Discussion and Analysis .....	4
STATEMENT OF NET POSITION.....	8
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION.....	9
STATEMENT OF CASH FLOWS .....	10
NOTES TO FINANCIAL STATEMENTS.....	11
SUPPLEMENTARY INFORMATION .....	19

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## Independent Auditors' Report

Board of Directors  
Estes Park Sanitation District  
Estes Park, Colorado

### **Opinion**

We have audited the accompanying financial statements of the business-type activities of the Estes Park Sanitation District (the District) as of and for the year ended December 31, 2021, 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 Estes Park Sanitation District as of December 31, 2021, and the respective 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 Opinion**

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 within one year after the date that the financial statements are issued or available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 Supplementary Information:**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on pages 20-22 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.

**Required Supplementary Information:**

Accounting principles generally accepted in the United States require that management 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, 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 20, 2022

## **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, 2021. This information should be read in conjunction with the financial statements and notes which follow:

### **FINANCIAL HIGHLIGHTS**

- As of December 31, 2021, approximately \$6.5 million was held in net position for the provision of future services to citizens.
- For fiscal year 2021, the total net position increased by \$150,871 from 2020. This was primarily from increased fees.
- Operating revenue for 2021 totaled approximately \$1.7 million, which is an increase of 6% from 2020.

### **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, 2021.

The *statement of cash flows* shows the net cash flows from activities for the year ended December 31, 2021.

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, 2021 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	2021	2020
Cash	\$ 37,630	\$ 96,273
Investments	2,183,297	1,845,114
Receivables	266,717	222,802
Inventories	20,116	20,116
Prepays	30,462	--
Capital Assets, net	7,341,436	7,735,834
Total Assets	9,879,658	9,920,139
Less Liabilities	3,328,439	3,519,791
Net Position	\$ 6,551,219	\$ 6,400,348

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

Years Ended December 31	2021	2020
Revenues:		
Service charges	\$ 1,697,036	\$ 1,602,478
Other income	2,216	13,415
Capital contributions	100,464	108,092
Total Revenues	1,799,716	1,723,985
Expenses:		
Operating expenses:		
Plant	912,736	864,736
Lines	396,018	349,192
Administration	340,091	337,542
Total Expenses	1,648,845	1,551,470
Net Income	\$ 150,871	\$ 172,515

Net position has changed due to the following:

- During 2021, operating revenue increased approximately 6%, due to increased demand for metered service charges following the pandemic.
- During 2021, nonoperating revenue decreased, primarily due to lower interest rates for interest income.
- During 2021, operating expenses increased by approximately 6% due to inflation.

## **FINANCIAL HIGHLIGHTS**

In addition to operational and debt related expenses, our annual budget attempts to address short-term and long-term capital needs. Short-term capital needs are primarily 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.

2021 was a year of recovery for the District:

- The District treated 205.332 million gallons of wastewater in 2021, an increase of 19 percent from 2020. A portion of the increase can be explained by infiltration. The District charts non-billable flow to track infiltration. Non-billable flow was 14.32% - our highest level in a few years. May and June were very wet and experienced the greatest volume of infiltration. We have invested significant resources improving our collection system and this statistic reminded us there is more work to be done.
- User fee revenue began to recover from a very difficult 2020. Tourism learned to co-exist with COVID and many of our restaurants and hotels experienced a good visitor season. Commercial billable flow was nearly back to pre-covid levels.
- User fees rates for commercial and residential customers increased 3% in 2021.
- System Investment Fee revenues continue to be strong. Remodels of existing homes and businesses were responsible for 43% of the total system investment revenue of \$100,464.
- Reserve balances increased approximately \$160,000 in 2021.

## **CAPITAL ASSETS AND ADMINISTRATION**

Major capital assets constructed or purchased in 2021 include the following:

- The first phase of a much-needed collection project began in the One Thousand Pines subdivision. When the project is complete in 2022, nearly 2000 feet of undersized clay sewer main will be replaced with eight-inch HDPHE pipe.
- An engineering project was commissioned to review the existing treatment facility and determine what steps and costs might be required to meet future nutrient limits. The final report will be complete in 2022.
- SCADA improvements were made to automatically adjust air levels in our aeration basins. The results were mixed, but highlighted a need for further aeration improvements.

## **FUTURE EVENTS THAT WILL FINANCIALLY IMPACT THE DISTRICT**

We face many challenges, but chief among them will be meeting future effluent requirements, maintaining a quality workforce and environmental climate change. Each one of these challenges will require capital, which means our limited resources will be stressed.

Effluent limits are becoming more stringent. Limits for nutrient removal is the primary concern of every wastewater district and the solutions are very expensive. Removing phosphorus and total nitrogen from the effluent could require capital improvements greater than \$20 million. These improvements will become a reality in the next ten years. Preparing for this will require planning, preparation and reserves at a very high level.

Maintaining and replacing our workforce is very important. Worker shortages are commonplace at every level of society. The demographics of our population means this will continue in the future. Unlike other businesses, we cannot “close early”. Operations must continue 24 hours a day seven days a week. Compounding this problem, housing costs in the Estes Valley have skyrocketed. This will continue to create staffing problems for us. In addition, several long-term employees are nearing retirement age. Developing new employees that can someday step into leadership roles will be critical. Investing in our employees and ways to increase their productivity will be ongoing mission.

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

Balancing our needs and resources will require a thorough review of our revenues and sources of revenue. Greater reserve balances will be needed to lessen borrowing or pay off debt.

## **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	2021
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 37,630
Investments	2,183,297
Accounts receivable, user fees	266,717
Prepaid expenses	30,462
Inventories	20,116
Total Current Assets	2,538,222
Utility Plant in Service	7,341,436
<b>TOTAL ASSETS</b>	<b>\$ 9,879,658</b>
<u>LIABILITIES</u>	
Current Liabilities:	
Current portion of long term liabilities	\$ 193,604
Accounts payable	28,221
Accrued expenses	78,263
Total Current Liabilities	300,088
Non-current Liabilities:	
Revenue note payable	3,028,351
Total Non-Current Liabilities	3,028,351
<b>TOTAL LIABILITIES</b>	<b>3,328,439</b>
<u>NET POSITION</u>	
Net investment in Capital Assets	4,119,481
Unrestricted, designated	2,166,470
Unrestricted, undesignated	265,268
<b>TOTAL NET POSITION</b>	<b>\$ 6,551,219</b>

## ESTES PARK SANITATION DISTRICT

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

Year Ended December 31	2021
Revenue:	
User fee income	\$ 1,601,259
FOG non-compliance fees	21,209
Lift station fees	7,980
Account maintenance fee	45,960
Miscellaneous income	20,628
Total Revenue	1,697,036
Expenses:	
Treatment	912,736
Collection	396,018
Administration	340,091
Total Operating Expenses	1,648,845
Net Operating Income	48,191
Other Income:	
Interest income	2,016
Gain on sale of assets	200
System development fees	100,464
Total Other Income	102,680
Increase in net position	150,871
Net Position, Beginning of Year	6,400,348
Net Position, End of Year	\$ 6,551,219

See Accompanying Notes to Financial Statements.

# ESTES PARK SANITATION DISTRICT

## STATEMENT OF CASH FLOWS

Year Ended December 31	2021
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 1,653,121
Payments to suppliers and employees	(1,223,469)
Net Cash Provided by Operating Activities	429,652
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	(63,002)
Payments on note payable	(189,790)
System development fees received	100,464
Net Cash Used by Capital and Related Financing Activities	(152,328)
Cash Flows from Investing Activities:	
Purchase of investments	(338,183)
Proceeds on sale of fixed asset	200
Interest and dividends received	2,016
Net Cash Used by Investing Activities	(335,967)
Net Decrease in Cash and Cash Equivalents	(58,643)
Cash and Cash Equivalents, Beginning of Year	96,273
Cash and Cash Equivalents, End of Year	\$ 37,630

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

Operating Activities:	
Operating income	\$ 48,191
Depreciation expense	457,400
Change in operating assets and liabilities:	
(Increase) decrease in:	
Receivables	(43,915)
Prepaid expenses	(30,462)
Increase (decrease) in:	
Accounts payable	(9,790)
Accrued expenses payable	8,228
Net Cash Provided by Operating Activities	\$ 429,652

See Accompanying Notes to Financial Statements.

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

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

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#### Form of Organization:

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

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#### Scope of Reporting Entity:

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

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#### Financial Reporting Entity:

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

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# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

#### Basis of Accounting:

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

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

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

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

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#### Budgets and Budgetary Accounting:

Annual budgets are adopted as required by Colorado Statutes. Formal budgetary integration is employed as a management control device during the year. Prior to September the department heads submit their budgets to the budget officer, who is designated as the person responsible for the budget. Prior to October 15<sup>th</sup>, the district manager submits the budgets to the District board. Prior to December 15<sup>th</sup> the District board after reviewing the budgets adopts the budget with a certified copy sent to the Division of Local Government prior to January 30<sup>th</sup> and passes a resolution making the appropriation for the ensuing fiscal year.

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

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

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# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

#### Assets, Liabilities and Net Position:

##### Cash:

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

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

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

##### Investments:

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

##### Inventories:

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

##### Utility Plant in Service:

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

##### Investment in Deferred Compensation Plan:

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

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributed to those amounts, property, or rights are managed and held by a third party for the benefit of the employee. The District paid \$35,721 for this in 2021.

#### Compensated Absences:

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

#### Net Position – Designated:

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

#### Revenue and Expenses:

##### Operating and non-operating Revenues:

Operating revenues are defined as those revenues that represent the ongoing operations of the District as follows: user fees, permit fees, petitions for inclusion/exclusion, dump fees, water testing and miscellaneous income. Non-operating revenues include contributions in aid of construction, system development fees, interest income and proceeds from the sale of assets.

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#### Depreciation:

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

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

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# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – Cash and Investments:

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA.

PDPA allows the institution to create a single collateral pool held in trust for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

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

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

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

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

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

At December 31, 2021, the District had invested \$2,183,297 in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is valued at the net asset value (NAV) of \$1.00. Investments of COLOTRUST consist of bills, notes, and bonds issued by the U.S. Treasury or a government agency, and repurchase agreements secured by such obligations. COLOTRUST is rated AAA by Standard & Poor’s. The District’s interest is valued at NAV.

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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### NOTE 3 – Utility Plant in Service:

A summary of changes in Utility Plant in Service follows:

	Balance 1/1/21	Additions	Deletions	Balance 12/31/21
Land & easements	\$ 108,430	\$ --	\$ --	\$ 108,430
Buildings & improvements	115,892	--	--	115,892
Plant	8,777,589	--	--	8,777,589
Collection system	2,319,745	--	--	2,319,745
Equipment	1,248,132	63,002	--	1,311,134
	12,569,788	63,002	--	12,632,790
Accumulated depreciation	(4,833,954)	(457,400)	--	(5,291,354)
Net Utility Plant	\$ 7,735,834	\$ (394,398)	\$ --	\$ 7,341,436

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# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 – Revenue Notes Payable:

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

A summary of changes in revenue notes payable follows:

	Balance 1/1/2021	Reduction	Balance 12/31/2021
Revenue Note W14F340	\$ 2,362,615	\$ 131,428	\$ 2,231,187
Revenue Note W15F361	1,049,130	58,362	990,768
	<u>\$ 3,411,745</u>	<u>\$ 189,790</u>	<u>\$ 3,271,955</u>

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

Years Ending December 31	Principal		Interest	
	W14F340	W15F361	W14F340	W15F361
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	145,178	64,467	32,848	14,586
2027-2036	1,533,343	680,887	157,909	70,120
	<u>\$ 2,331,187</u>	<u>\$ 990,768</u>	<u>\$ 350,198</u>	<u>\$ 155,507</u>

# ESTES PARK SANITATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 – Net Position:

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

December 31	2021	2020
Net Investment in capital assets	\$ 4,119,481	\$ 4,324,089
Designated:		
Vehicle/equipment reserve	158,257	120,871
Plant reserve	1,726,364	1,658,130
Lines reserve	257,110	208,370
Employee compensated absences	24,739	19,739
	2,166,470	2,007,110
Undesignated	265,268	69,149
	\$ 6,551,219	\$ 6,400,348

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### NOTE 6 – Contingencies:

#### Risk Management:

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

#### Tax, Spending and Debt Limitations:

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

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**SUPPLEMENTARY INFORMATION**

## ESTES PARK SANITATION DISTRICT

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

Year Ended December 31, 2021	Actual	Original Budget	Final Budget	Variance
<b>Revenues:</b>				
User fee income	\$ 1,601,259	\$ 1,553,555	\$ 1,573,241	\$ 28,018
FOG non-compliance fees	21,209	20,492	23,750	(2,541)
Lift station fees	7,980	7,890	7,980	-
Miscellaneous income	20,628	22,000	20,000	628
Account maintenance fee	45,960	45,620	45,785	175
<b>Total Operating Revenue</b>	<b>1,697,036</b>	<b>1,649,557</b>	<b>1,670,756</b>	<b>26,280</b>
<b>Nonoperating Revenue:</b>				
Interest income	2,016	1,500	1,500	516
Sale of assets	200	-	-	200
System development fees	100,464	37,500	100,000	464
<b>Total Nonoperating Income</b>	<b>102,680</b>	<b>39,000</b>	<b>101,500</b>	<b>1,180</b>
<b>Total Revenue and Contributions</b>	<b>1,799,716</b>	<b>1,688,557</b>	<b>1,772,256</b>	<b>27,460</b>
<b>Expenditures:</b>				
<b>Treatment expenses:</b>				
<b>Payroll:</b>				
Salaries	\$ 217,061	\$ 204,596	\$ 235,000	(17,939)
Payroll contingencies	-	8,972	-	-
Payroll taxes	17,338	17,763	18,000	(662)
Employee benefits	46,082	46,118	51,000	(4,918)
Employee clothing	1,808	1,650	1,650	158
Workmen's compensation	2,722	4,150	3,568	(846)
<b>Total Payroll - Treatment</b>	<b>285,011</b>	<b>283,249</b>	<b>309,218</b>	<b>(24,207)</b>
<b>Operations:</b>				
Biosolids removal	31,579	37,500	35,000	(3,421)
Chemicals	39,281	43,000	42,000	(2,719)
Education & training	1,573	5,000	3,000	(1,427)
Utilities: natural gas	5,502	6,500	6,000	(498)
Lab tests & supplies	18,166	18,500	16,860	1,306
Repairs & maintenance: plant	32,209	40,000	32,500	(291)
Miscellaneous	108	750	500	(392)
Utilities: Electricity	92,681	93,500	90,000	2,681
Communications	2,009	2,300	2,300	(291)
Repairs & maintenance: vehicle	1,472	3,500	3,500	(2,028)
Utilities: Potable water	2,852	2,600	2,800	52
<b>Total Operations - Treatment</b>	<b>227,432</b>	<b>253,150</b>	<b>234,460</b>	<b>(7,028)</b>
<b>Total Treatment Expenses</b>	<b>\$ 512,443</b>	<b>\$ 536,399</b>	<b>\$ 543,678</b>	<b>\$ (31,235)</b>

## ESTES PARK SANITATION DISTRICT

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

Year Ended December 31, 2021	Actual	Original Budget	Final Budget	Variance
Collection expenses:				
Payroll:				
Salaries	\$ 188,938	\$ 203,063	\$ 195,000	\$ (6,062)
Payroll Contingencies	-	5,722	-	-
Payroll taxes	16,285	17,782	17,500	(1,215)
Employee benefits	44,446	50,882	49,000	(4,554)
Employee clothing	1,697	1,650	1,650	47
Workmen's compensation	2,672	4,000	3,250	(578)
<b>Total Payroll - Collection</b>	<b>254,038</b>	<b>283,099</b>	<b>266,400</b>	<b>(12,362)</b>
Operations:				
Education & training	4,150	4,500	4,000	150
Repairs & maintenance: equipment	11,508	8,500	12,000	(492)
Miscellaneous	295	750	500	(205)
Collection maintenance	17,345	10,000	18,000	(655)
Communications	2,167	2,200	2,400	(233)
Repairs & maintenance: vehicle	1,433	3,500	3,500	(2,067)
Property maintenance	-	500	500	(500)
Lift station variable costs	-	5,500	5,000	(5,000)
<b>Total Operations - Collection</b>	<b>36,898</b>	<b>35,450</b>	<b>45,900</b>	<b>(9,002)</b>
<b>Total Collection Expenses</b>	<b>\$ 290,936</b>	<b>\$ 318,549</b>	<b>\$ 312,300</b>	<b>\$ (21,364)</b>

## ESTES PARK SANITATION DISTRICT

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

Year Ended December 31, 2021	Actual	Original Budget	Final Budget	Variance
Administrative expenses:				
Payroll:				
Salaries	\$ 140,951	\$ 140,950	\$ 142,000	\$ (1,049)
Directors salaries	5,100	5,100	5,100	-
Payroll taxes	11,373	12,429	12,500	(1,127)
Employee benefits	33,601	34,133	36,500	(2,899)
Workmen's compensation	137	250	165	(28)
<b>Total Payroll - Administrative</b>	<b>191,162</b>	<b>192,862</b>	<b>196,265</b>	<b>(5,103)</b>
Operations:				
Bank charges	1,638	3,450	1,850	(212)
Education	172	750	500	(328)
Insurance	29,450	29,500	30,000	(550)
Permit fees	7,841	8,000	8,250	(409)
Miscellaneous	(481)	1,500	1,200	(1,681)
Office maintenance and utilities	2,246	2,350	2,350	(104)
Office supplies	12,934	9,250	14,250	(1,316)
Professional fees	16,798	21,000	20,000	(3,202)
Publications	757	500	750	7
Communications	2,558	2,500	2,600	(42)
Vehicle	1,634	2,200	2,000	(366)
Election Expense	46	-	-	46
<b>Total Operations - Administrative</b>	<b>75,593</b>	<b>81,000</b>	<b>83,750</b>	<b>(8,157)</b>
<b>Total Administrative Expenses</b>	<b>266,755</b>	<b>273,862</b>	<b>273,862</b>	<b>(7,107)</b>
Other Budgeted items:				
Purchase/construction of fixed assets	117,022	143,500	197,500	(80,478)
Interest payment on debt	67,291	67,293	67,291	-
Principal repayment on debt	189,789	189,787	189,789	-
<b>Total Other Budgeted Items</b>	<b>374,102</b>	<b>400,580</b>	<b>454,580</b>	<b>(80,478)</b>
<b>Total Expenditures</b>	<b>1,444,236</b>	<b>1,529,390</b>	<b>1,584,420</b>	<b>(140,184)</b>
<b>Net Income - Budget Basis</b>	<b>\$ 355,480</b>	<b>\$ 159,167</b>	<b>\$ 187,836</b>	<b>\$ 167,644</b>
Reconciliation of Net Income - Budget Basis to Net Income - GAAP Basis:				
Capital Outlay	63,002			
Debt repayment	189,789			
Depreciation Expense	(457,400)			
<b>Net Income - GAAP Basis</b>	<b>\$ 150,871</b>			