

# **SOUTH FORT COLLINS SANITATION DISTRICT**

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2021 and 2020

# SOUTH FORT COLLINS SANITATION DISTRICT

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## **Independent Auditors' Report**

To the Board of Directors of  
South Fort Collins Sanitation District

### **Opinion**

We have audited the accompanying financial statements of the South Fort Collins Sanitation District (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 financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2021, 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 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 Auditors' 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.

### **Other Matters**

The financial statements of the District as of and for the year ended December 31, 2020, were audited by other auditors whose report dated April 27, 2022, expressed an unmodified opinion on those statements.

### **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 rise 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.

## **Auditors' 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 auditors' report that includes our opinions. 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.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents 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 as a whole. 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 2021 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 supplementary information for the year ended December 31, 2021 is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The District's basic financial statements for the year ended December 31 2020, were audited by other auditors whose reports expressed an unqualified opinion on the respective financial statements of the financial statements. Their report on the 2020 Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the year ended December 31 2020, as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
September 30, 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, 2021. 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 13 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, 2021 by \$162.9 million (net position). Of the net position balance, \$30.9 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 \$10.9 million (7.2%).
- ❖ The District's revenue from service charges, its principal operating revenue, increased by \$396 thousand (6.5%) during fiscal year 2021. 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 543 taps (3.5%) in 2021, generating \$6.3 million in system development and impact fees as part of capital contributions. The District served a total of 16,080 taps at year end.
- ❖ The District accepted 9 new projects for the year ended December 31, 2021, representing \$4.3 million in capital contributions.
- ❖ The District maintained its property tax mill levy at 0.5 mills which generated \$480.0 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 13. 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, operations and replacement of aged capital assets are funded from monthly service charges.
3. Capital improvements to existing District assets related to new tap sales 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 2021 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 capital expenditures.

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, operations, line maintenance and replacement of aged capital assets of the District.

The capital expenditure segment of the District can be divided into two categories – operating capital replacements and non-operating capital expenditures. Operating capital replacements are funded from monthly service charges. Plant investment fees (PIFs) collected from the sale of taps fund the non-operating capital expenditures; 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 expenditure 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 monthly service charges are invested and may be used at various times to fund operating capital replacements, 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,		
	2021	2020	2019
Current Assets	\$ 32,275,844	\$ 29,642,218	\$ 35,410,420
Capital Assets	131,962,163	125,069,754	113,873,712
Total Assets	\$ 164,238,007	\$ 154,711,972	\$ 149,284,132
Current Liabilities	\$ 733,099	\$ 2,191,826	\$ 2,402,009
Non-Current Liabilities	57,818	66,335	76,649
Total Liabilities	\$ 790,917	\$ 2,258,161	\$ 2,478,658
Deferred Inflows of Resources	\$ 541,642	\$ 496,343	\$ 456,793
Net Position			
Net Investment in Capital Assets	\$ 131,962,163	\$ 125,069,754	\$ 113,873,712
Restricted Emergency Reserve	13,000	13,000	12,000
Unrestricted	30,930,285	26,874,714	32,462,969
Total Net Position	\$ 162,905,448	\$ 151,957,468	\$ 146,348,681

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

	Year ended December 31,		
	2021	2020	2019
Total Operating Revenues	\$ 6,587,472	\$ 6,174,322	\$ 6,126,343
Total Operating Expenses	6,840,955	6,337,310	5,710,581
(Loss) Income from Operations	(253,483)	(162,988)	415,762
Non-Operating Revenues	507,528	685,982	1,320,192
Net Income Before Contributions	254,045	522,994	1,735,954
Capital Contributions	10,693,935	5,085,793	8,820,188
Changes in Net Position	10,947,980	5,608,787	10,556,142
Net Assets - Beginning of Year	151,957,468	146,348,681	135,792,539
Net Assets - End of Year	\$162,905,448	\$151,957,468	\$146,348,681

**Operating activities** decreased the District's net position by \$253 thousand compared to a decrease of \$163 thousand in 2020. Key elements of this change are due to the following:

- ❖ There was an overall increase in operating expenses of \$504 thousand (8.0%) with pretreatment, collection and treatment increasing by \$218 thousand mainly due to repair and maintenance of collection lines and lift stations and treatment chemicals; engineering, office, and administration increasing by \$136 thousand; and depreciation increasing by \$35 thousand. Depreciation expense is \$2.5 million, which is 37.1% of operating expenses.

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

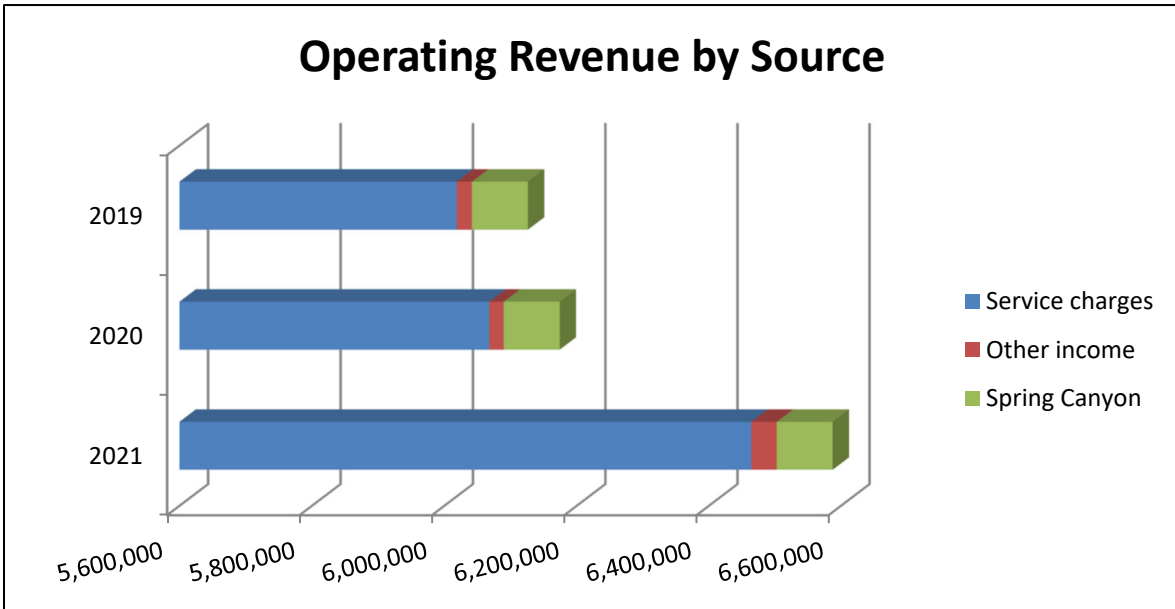
- ❖ Property tax collections \$480 thousand (net of fees) and investment income \$12 thousand.

**Capital contributions** increased the District's net position by \$10.7 million.

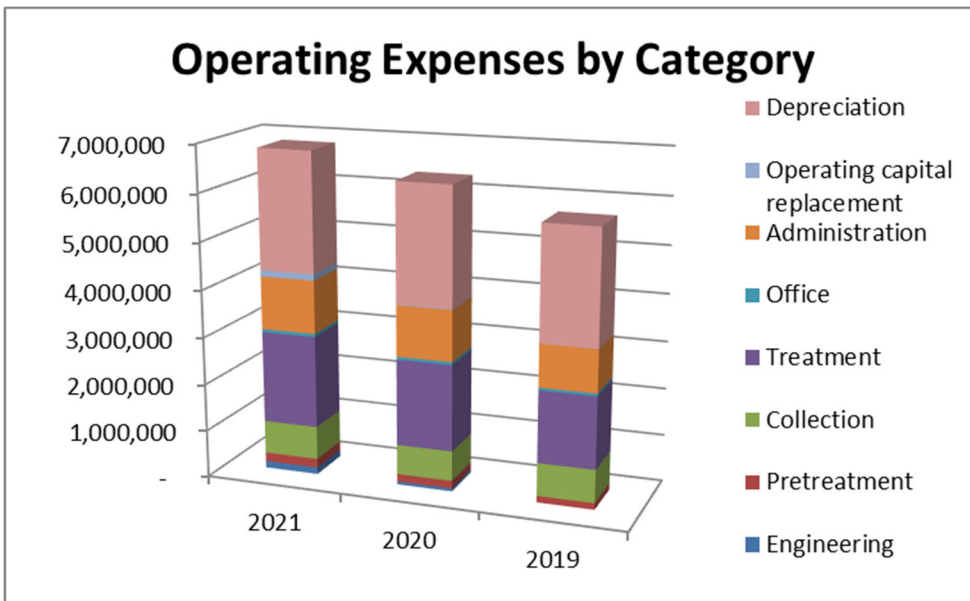
- ❖ Contributions of capital assets were \$4.3 million. These contributions represent collection lines in new subdivisions that were deeded to the District.
- ❖ Other capital contributions of plant investment fees amounting to \$6.3 million. Tap fees represent new residential and non-residential capital payments to the District for the cost of new infrastructure related to growing number of taps served.

## Operating Activities

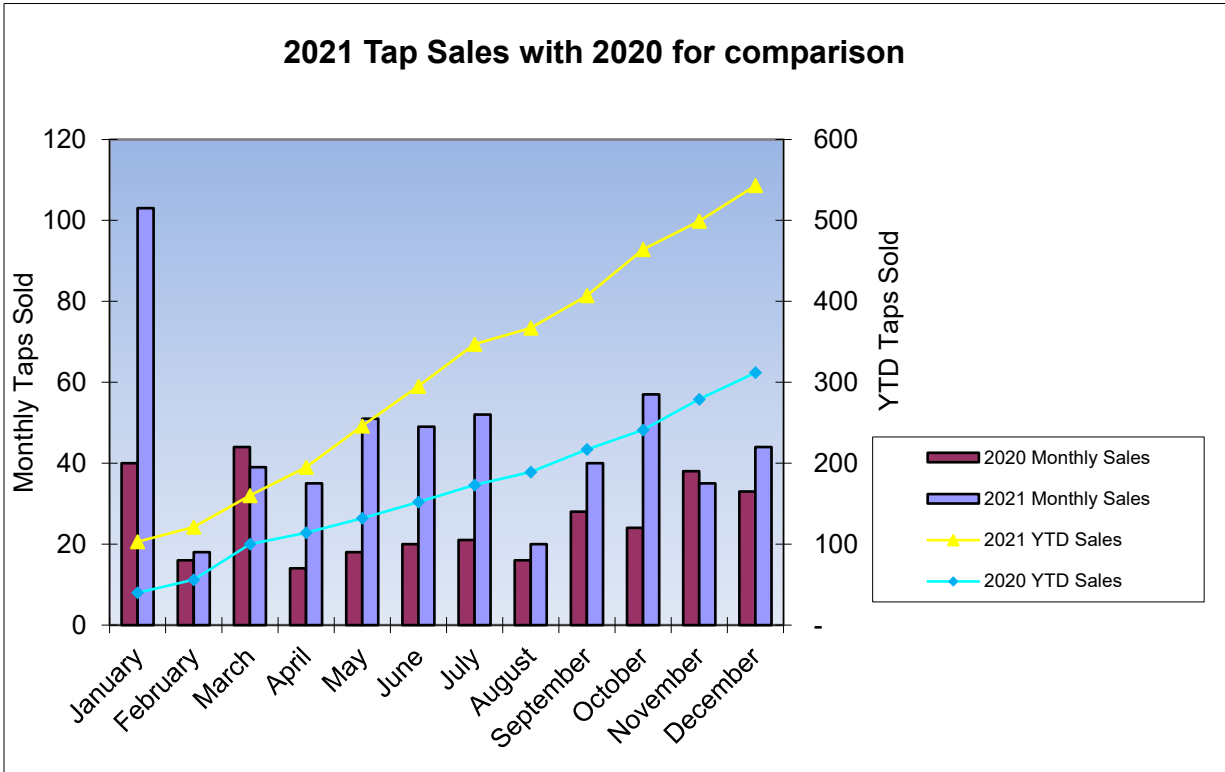
2021 Operating revenues increased the District's Net Position by \$6.6 million



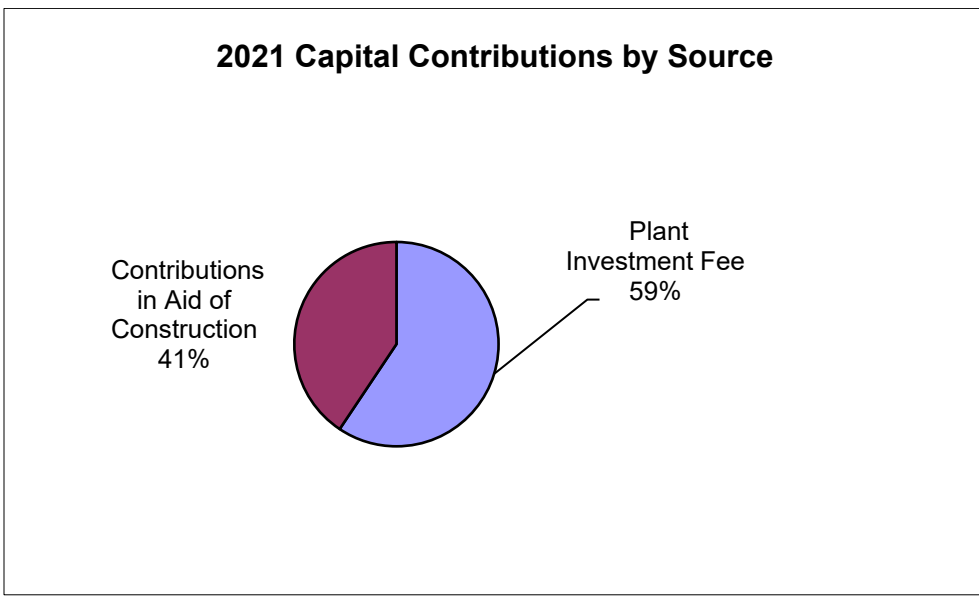
2021 Operating expenses decreased the District's Net Position by \$6.8 million



**Active taps grew by 543 in 2021**



**Capital contributions increased the District's Net Position by \$10.7 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 29 of this report.

The variance between actual revenues over expenditures and the budget amounted to a favorable \$6.5 million and is summarized as follows:

- ❖ Tap fee revenue was \$4.6 million over budget.
- ❖ Engineering expenses were \$201 thousand under budget.
- ❖ Collection system expenses were \$132 thousand under budget as a result of wages (\$108 thousand), and utility locates (\$19 thousand).
- ❖ Pretreatment and Treatment system expenses were \$23 thousand over budget. Significant items over budget are: pretreatment consulting (\$65 thousand), treatment wages (\$115 thousand).
- ❖ Office and Administration were \$3 thousand over budget.
- ❖ Operating and nonoperating capital purchases were \$1.1 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, 2021, amounted to \$132 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 24 and 25 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 2022 with \$30.8 million in cash which represents an increase over 2021 beginning balances of \$2.6 million. It is anticipated that the District balances may decrease during 2022, depending on the timing of several lift station rehabilitation projects, the closing out of the wastewater reclamation facility construction project, and the orbal rehabilitation project.

## **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 10 years.
- ❖ 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.
- ❖ The District is expecting to contract out less of its administration in the future and conduct these activities with in house staff and procedures.

## **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:

Eric Bailey  
Interim General Manager  
5150 Snead Drive  
Ft. Collins, CO 80525

## **Basic Financial Statements**

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**SOUTH FORT COLLINS SANITATION DISTRICT**  
**Statements of Net Position**  
**December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 30,750,053	\$ 28,102,724
Receivables	1,414,693	1,341,572
Prepaid items	111,098	197,922
Total Current Assets	32,275,844	29,642,218
<b>Capital Assets</b>		
Land, easements and construction in progress	41,269,700	36,337,716
Depreciable capital assets, net of accumulated depreciation	90,692,463	88,732,038
Total Capital Assets	131,962,163	125,069,754
<b>Total Assets</b>	<b>164,238,007</b>	<b>154,711,972</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	235,976	1,009,132
Accrued expenses	497,123	1,182,694
Total Current Liabilities	733,099	2,191,826
<b>Non-current Liabilities</b>		
Accrued compensated absences	57,818	66,335
Total Non-Current Liabilities	57,818	66,335
<b>Total Liabilities</b>	<b>790,917</b>	<b>2,258,161</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned revenue - property taxes	541,642	496,343
Total Deferred Inflows of Resources	541,642	496,343
<b>NET POSITION</b>		
Net investment in capital assets	131,962,163	125,069,754
Restricted for emergencies	13,000	13,000
Unrestricted net position	30,930,285	26,874,714
<b>Total Net Position</b>	<b>\$ 162,905,448</b>	<b>\$ 151,957,468</b>

*The 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, 2021 and 2020**

	2021	2020
<b>Operating Revenues</b>		
Sewer charges and other services	\$ 6,587,472	\$ 6,174,322
Total Operating Revenues	6,587,472	6,174,322
<b>Operating Expenses</b>		
Engineering	143,668	61,506
Pretreatment	190,824	163,259
Collection	703,945	635,196
Treatment	1,947,285	1,825,276
Office	64,075	60,175
Administration	1,105,538	1,064,623
Operating capital replacement	129,397	15,112
Depreciation	2,534,920	2,500,165
Directors fees and expenses	21,303	11,998
Total Operating Expenses	6,840,955	6,337,310
<b>(Loss) income from Operations</b>	(253,483)	(162,988)
<b>Non-Operating Revenues</b>		
Property taxes - net of fees	480,067	438,559
Inclusion fees	15,545	37,296
Interest income on investments - net of fees	11,916	210,127
Total Non-Operating Revenues	507,528	685,982
<b>Income before Capital Contributions</b>	254,045	522,994
<b>Capital Contributions</b>	10,693,935	5,085,793
<b>Change in Net Position</b>	10,947,980	5,608,787
<b>Total Net Position - Beginning</b>	151,957,468	146,348,681
<b>Total Net Position - Ending</b>	\$ 162,905,448	\$ 151,957,468

*The notes are an integral part of these financial statements*

**SOUTH FORT COLLINS SANITATION DISTRICT**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 6,559,650	\$ 6,112,908
Cash paid to suppliers	(3,791,245)	(3,752,558)
Cash paid to employees	(1,209,639)	(1,251,728)
<b>Net cash flows from operating activities</b>	<b>1,558,766</b>	<b>1,108,622</b>
<b>Cash flows from noncapital financing activities</b>		
Property taxes	489,092	446,843
Property tax collection fees	(9,025)	(8,284)
Inclusion fees	15,545	37,296
<b>Net cash flows from noncapital financing activities</b>	<b>495,612</b>	<b>475,855</b>
<b>Cash flows from capital and related financing activities</b>		
Contributed capital	6,348,800	3,828,500
Acquisition of capital assets	(5,767,765)	(11,569,630)
<b>Net cash flows from capital and related financing activities</b>	<b>581,035</b>	<b>(7,741,130)</b>
<b>Cash flows from investing activities</b>		
Earnings on investments	11,916	210,127
<b>Net cash flows from investing activities</b>	<b>11,916</b>	<b>210,127</b>
<b>Net change in cash and cash equivalents</b>	<b>2,647,329</b>	<b>(5,946,526)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>28,102,724</b>	<b>34,049,250</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 30,750,053</b>	<b>\$ 28,102,724</b>

*The notes are an integral part of these financial statements*

**SOUTH FORT COLLINS SANITATION DISTRICT**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Reconciliation of (loss) income from operations to net cash flows from operating activities:</b>		
(Loss) income from operations	\$ (253,483)	\$ (162,988)
Adjustments to reconcile operating (loss) income to net cash flows from operating activities:		
Depreciation	2,534,920	2,500,165
Changes in assets and liabilities:		
Receivables	(27,822)	(61,414)
Prepaid items	86,824	(77,360)
Accounts payable and accrued expenses	(773,156)	(1,079,467)
Accrued compensated absences	(8,517)	(10,314)
<b>Net cash flows from operating activities</b>	<b>\$ 1,558,766</b>	<b>\$ 1,108,622</b>
<b>Noncash capital and related financing transactions</b>		
Capital assets contributed	<b>\$ 4,345,135</b>	<b>\$ 1,257,293</b>
Capital asset additions included in accounts payable	<b>\$ 54,250</b>	<b>\$ 869,284</b>

*The notes are an integral part of these financial statements*

**South Fort Collins Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**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, 2021 and 2020**

***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	10,764,802	-	10,764,802

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.

	2021	2020
Change in net position	<b>\$ 10,947,980</b>	\$ 5,608,787
Depreciation	<b>2,534,920</b>	2,500,165
Non-cash capital contributions	<b>(4,345,135)</b>	(1,257,293)
Acquisition of capital assets (cash and non-cash)	<b>(5,082,194)</b>	(12,438,914)
Excess expenditures over revenues, budgetary basis	<b>\$4,055,571</b>	\$(5,587,255)

***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, 2021 and 2020**

***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*. At December 31, 2021 and 2020, the District did not hold any investments.

***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, 2021 or 2020, 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 acquisition 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
2021	\$ 66,335	\$ 54,489	\$ (63,006)	\$ 57,818
2020	\$ 76,649	\$ 58,512	\$ (68,826)	\$ 66,335

***Accrued Expenses***

The District’s accrued expenses consist of construction retainages and self-insurance reserve. Construction retainages are related to the treatment plant project currently ongoing.

**South Fort Collins Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

***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.

***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.

**South Fort Collins Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

***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 2021 are recorded as taxes receivable and deferred inflows of resources as of December 31, 2021.

***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.

***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.

***Effect of New Accounting Standards on Current Period Financial Statements***

GASB has approved GASB Statement No. 87, Leases, No. 91, Conduit Debt Obligations, Statement No. 94, Public-private and Public-Public Partnerships and Availability Payment Arrangements, Statement No. 96, Subscription Based Information Technology Arrangements, Statement No. 99, Omnibus 2022, Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62 and Statement No. 101, Compensated Absences. When they become effective, application of these standards may restate portions of these financial statements.

**South Fort Collins Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**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, 2021, the District had deposits with financial institutions with a carrying amount of \$2,599,145. The bank balances with the financial institutions were \$3,080,440, of which, \$250,000 was covered by federal depository insurance. The remaining balance of \$2,834,690 was collateralized with securities held by the financial institutions’ agents but not in the District’s name. 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.

Cash deposits and cash equivalents held by the District at December 31, 2021 and 2020, were as follows:

	2021	2020
Petty cash	\$ 50	\$ 50
Cash on deposit with financial institutions	2,599,145	2,114,469
Local government investment pool	28,150,858	25,988,205
<b>Total cash and cash equivalents</b>	<b>\$30,750,053</b>	<b>\$28,102,724</b>

***Local Government Investment Pools***

As of December 31, 2021 and 2020, the District had invested balances of \$8,181,824 and \$7,157,288 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.

**South Fort Collins Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

At December 31, 2021 and 2020, the District had invested \$19,969,034 and \$18,830,917 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.

**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, 2021 and 2020.

**South Fort Collins Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**3. Receivables**

Receivables at December 31, 2021 and 2020, consisted of the following:

	2021	2020
Trade accounts receivable	\$ 873,051	\$ 845,229
Property taxes receivable	541,642	496,343
<b>Total receivables</b>	<b>\$ 1,414,693</b>	<b>\$ 1,341,572</b>

**4. Capital Assets**

The following is a summary of capital asset activity for the year ended December 31, 2021:

	Beginning	Additions	Deletions	Ending
<b>Capital assets, not being depreciated:</b>				
Construction in progress	\$ 35,400,144	\$ 4,931,984	\$ -	\$ 40,332,128
Land and easements	937,572	-	-	937,572
<b>Total capital assets, not being depreciated</b>	<b>36,337,716</b>	<b>4,931,984</b>	<b>-</b>	<b>41,269,700</b>
<b>Capital assets, being depreciated:</b>				
Sewer lines	82,954,865	4,375,383	-	87,330,248
Sewage treatment plant	38,271,810	-	-	38,271,810
Equipment	1,210,752	119,962	(23,865)	1,306,849
<b>Total capital assets, being depreciated</b>	<b>122,437,427</b>	<b>4,495,345</b>	<b>(23,865)</b>	<b>126,908,907</b>
<b>Less accumulated depreciation for:</b>				
Sewer lines	(24,624,424)	(1,691,428)	-	(26,315,852)
Sewage treatment plant	(8,029,071)	(794,698)	-	(8,823,769)
Equipment	(1,051,894)	(48,794)	23,865	(1,076,823)
<b>Total accumulated depreciation</b>	<b>(33,705,389)</b>	<b>(2,534,920)</b>	<b>23,865</b>	<b>(36,216,444)</b>
<b>Total capital assets, being depreciated, net</b>	<b>88,732,038</b>	<b>1,960,425</b>	<b>-</b>	<b>90,692,463</b>
<b>Capital assets, net</b>	<b>\$ 125,069,754</b>	<b>\$ 6,892,409</b>	<b>\$ -</b>	<b>\$ 131,962,163</b>

**South Fort Collins Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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
<b>Total capital assets, not being depreciated</b>	<b>24,069,149</b>	<b>12,268,567</b>	<b>-</b>	<b>36,337,716</b>
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
<b>Total capital assets, being depreciated</b>	<b>121,014,534</b>	<b>1,427,640</b>	<b>(4,747)</b>	<b>122,437,427</b>
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)
<b>Total accumulated depreciation</b>	<b>(31,209,971)</b>	<b>(2,500,165)</b>	<b>4,747</b>	<b>(33,705,389)</b>
<b>Total capital assets, being depreciated, net</b>	<b>89,804,563</b>	<b>(1,072,525)</b>	<b>-</b>	<b>88,732,038</b>
<b>Capital assets, net</b>	<b>\$ 113,873,712</b>	<b>\$ 11,196,042</b>	<b>\$ -</b>	<b>\$ 125,069,754</b>

## 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 2022. At December 31, 2021 and 2020, \$56,336 and \$715,822, respectively, is included in accounts payable. At December 31, 2021 and 2020, the remaining amount of the contract is \$674,491 and \$5,651,955, 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.

**South Fort Collins Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

At December 31, 2020, 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 2020 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%.

## **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, 2021 and 2020, was \$863,385 and \$802,728, respectively. As of December 31, 2021 and 2020, the District owed the Fort Collins-Loveland Water District \$97,099 and \$70,246, 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, 2021, 2020 and 2019 were \$40,699, \$45,046 and \$41,347, 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 for the calendar years 2021 and 2020). Catch-up contributions of up to \$6,000 for calendar years 2021 and 2020, 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, 2021 and 2020, the District did not make any contributions to the Plan.

**South Fort Collins Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**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.

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 as of December 31, 2021 and 2020, 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 2021, 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 2022.

**South Fort Collins Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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 2021, 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, 2021, the District had not received any federal funding awards under the CARES Act.

### **11. Subsequent Events**

The District evaluated subsequent events through September 30, 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

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**SOUTH FORT COLLINS SANITATION DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**With Comparative Amounts for the Year Ended December 31, 2020**

	2021				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2020 Actual
<b>Enterprise function:</b>					
<b>Revenues</b>					
<b>Operating Revenues</b>					
Service charges	\$ 6,006,200	\$ 6,006,200	\$ 6,464,514	\$ 458,314	\$ 6,068,079
Miscellaneous income	17,000	17,000	38,358	21,358	21,643
Revenue - Spring Canyon	84,600	84,600	84,600	-	84,600
Total Operating Revenues	6,107,800	6,107,800	6,587,472	479,672	6,174,322
<b>Non-Operating Revenues</b>					
Interest on investments	60,000	60,000	11,916	(48,084)	210,127
Tap fees	1,705,000	1,705,000	6,348,800	4,643,800	3,828,500
Inclusion fees	-	-	15,545	15,545	37,296
Total Non-Operating Revenues	1,765,000	1,765,000	6,376,261	4,611,261	4,075,923
Operating transfer in	-	-	458,764	458,764	426,561
Total Revenues	7,872,800	7,872,800	13,422,497	5,549,697	10,676,806
<b>Expenditures - Operating</b>					
<b>Engineering</b>					
Consulting	345,000	345,000	143,668	201,332	61,506
Total Engineering	345,000	345,000	143,668	201,332	61,506
<b>Pretreatment</b>					
Wages	90,000	90,000	75,048	14,952	77,792
Payroll taxes	7,200	7,200	7,678	(478)	6,351
Retirement	5,062	5,062	5,434	(372)	2,272
Insurance - medical	25,000	25,000	25,000	-	9,500
Insurance - life	700	700	1,007	(307)	626
Workers' comp insurance	1,400	1,400	1,317	83	838
Cell phone	480	480	485	(5)	356
Consulting	2,500	2,500	67,468	(64,968)	54,473
Dues & subscriptions	60	60	60	-	186
Education & training	2,500	2,500	173	2,327	330
Fuel	1,625	1,625	262	1,363	181
Lab testing	12,000	12,000	6,735	5,265	4,413
Miscellaneous	500	500	115	385	1,998
Office supplies	650	650	-	650	63
Public education	800	800	39	761	818
R & M - vehicles	1,600	1,600	3	1,597	3,062
Total Pretreatment	152,077	152,077	190,824	(38,747)	163,259

**SOUTH FORT COLLINS SANITATION DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**With Comparative Amounts for the Year Ended December 31, 2020**

	2021				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2020 Actual
<b>Collection</b>					
Wages	\$ 372,000	\$ 372,000	\$ 264,257	\$ 107,743	\$ 266,120
On-call & overtime	34,000	34,000	29,443	4,557	30,418
Payroll taxes	32,000	32,000	20,028	11,972	26,004
Insurance - medical	44,000	44,000	44,000	-	42,000
Insurance - life	2,700	2,700	1,387	1,313	2,784
Retirement	20,700	20,700	11,608	9,092	15,240
Workers' comp insurance	6,000	6,000	4,352	1,648	2,739
Cell phone	4,750	4,750	4,237	513	3,481
Education	7,500	7,500	11,590	(4,090)	644
Fuel	15,000	15,000	10,145	4,855	10,854
Miscellaneous	3,500	3,500	5,818	(2,318)	3,335
Office supplies	500	500	197	303	717
Power - Boyd Lake	4,200	4,200	3,370	830	3,678
Power - Crossroads	4,000	4,000	4,149	(149)	3,459
Power - Harmony	4,000	4,000	-	4,000	-
Power - Highland Meadows	14,000	14,000	12,153	1,847	10,787
Power - McClelland	2,500	2,500	2,074	426	1,457
Power - Ptarmigan	39,900	39,900	43,647	(3,747)	37,157
R & M - lines and lift stations	170,000	170,000	183,446	(13,446)	145,953
R & M - vehicles	15,000	15,000	15,761	(761)	7,919
Safety program	4,000	4,000	16,494	(12,494)	1,700
Supplies	2,000	2,000	3,425	(1,425)	1,858
Uniforms	3,500	3,500	992	2,508	3,573
Utility locates	30,000	30,000	11,372	18,628	13,319
Total Collection	835,750	835,750	703,945	131,805	635,196
<b>Treatment</b>					
Wages	553,000	553,000	437,703	115,297	471,579
On-call & overtime	55,000	55,000	55,690	(690)	48,065
Payroll taxes	48,600	48,600	38,494	10,106	40,859
Insurance - medical	135,000	135,000	135,000	-	130,500
Insurance - life	4,500	4,500	4,410	90	4,727
Retirement	30,300	30,300	23,657	6,643	27,534
Workers' comp insurance	10,000	10,000	8,268	1,732	4,958
Biomonitoring	15,000	15,000	7,050	7,950	7,050
Biosolids removal	100,000	100,000	79,327	20,673	138,649
Chemicals	176,000	176,000	364,472	(188,472)	204,768
Dues & subscriptions	2,000	2,000	2,068	(68)	250
Education & training	10,000	10,000	3,260	6,740	1,670
Fuel - standby power	3,000	3,000	3,205	(205)	2,508
Fuel - vehicle	2,900	2,900	3,187	(287)	1,934
Janitorial services	6,600	6,600	6,520	80	7,700
Lab testing	22,000	22,000	33,139	(11,139)	27,837
Miscellaneous	540	540	570	(30)	28
Safety	10,000	10,000	3,375	6,625	8,759
Office supplies	1,000	1,000	743	257	349
Permits	18,000	18,000	16,392	1,608	16,050
Utilities - plant	568,000	568,000	560,770	7,230	518,493

**SOUTH FORT COLLINS SANITATION DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**With Comparative Amounts for the Year Ended December 31, 2020**

	2021				
	Budget -	Actual Amounts			Variance -
	Original	Budget - Final	(Budgetary Basis)	Favorable (Unfavorable)	2020 Actual
Cell phones	\$ 6,600	\$ 6,600	\$ 3,809	\$ 2,791	\$ 7,411
R & M - building	10,000	10,000	6,955	3,045	5,171
R & M - grounds	10,000	10,000	9,065	935	1,565
R & M - plant	65,000	65,000	79,043	(14,043)	103,484
R & M - vehicles	2,000	2,000	5,568	(3,568)	2,711
Service contracts	56,100	56,100	12,128	43,972	9,346
Supplies	2,500	2,500	1,938	562	1,573
Telephone	7,500	7,500	7,315	185	7,110
Trash removal	15,000	15,000	20,234	(5,234)	15,111
Uniforms	3,500	3,500	3,282	218	2,874
Water quality monitoring	3,500	3,500	3,193	307	4,158
Water usage	10,000	10,000	7,455	2,545	495
Total Treatment	1,963,140	1,963,140	1,947,285	15,855	1,825,276
<b>Office</b>					
Payroll processing	6,200	6,200	5,286	914	6,524
Postage	28,500	28,500	30,914	(2,414)	29,738
Printing	18,500	18,500	19,689	(1,189)	17,609
Publications & notices	1,000	1,000	388	612	392
Customer relations	10,000	10,000	85	9,915	-
Bank service charges	8,000	8,000	7,713	287	5,912
Total Office	72,200	72,200	64,075	8,125	60,175
<b>Administration</b>					
Audit	13,750	13,750	9,938	3,812	12,900
Consulting	42,500	42,500	76,038	(33,538)	59,138
Contingency	10,000	10,000	4,906	5,094	5,479
Dues & subscriptions	6,500	6,500	4,037	2,463	6,238
Education & training	2,500	2,500	-	2,500	-
Insurance - liability	32,000	32,000	32,630	(630)	30,957
Insurance - property	47,000	47,000	60,330	(13,330)	45,481
Legal	75,000	75,000	52,837	22,163	101,045
Management fees - FCLWD	863,385	863,385	863,385	-	802,728
Miscellaneous expenses	1,500	1,500	1,437	63	657
Travel	500	500	-	500	-
Total Administration	1,094,635	1,094,635	1,105,538	(10,903)	1,064,623
<b>Operating Capital Replacement</b>					
Collection - operating	2,154,000	2,154,000	231,271	1,922,729	161,400
Treatment - operating	1,754,500	1,754,500	2,028,086	(273,586)	4,907,427
Pretreatment	500	500	5,630	(5,130)	4,559
Total Operating Capital Replacement	3,909,000	3,909,000	2,264,987	1,644,013	5,073,386
Total Operating Expenses	8,371,802	8,371,802	6,420,322	4,089,395	8,883,421

**SOUTH FORT COLLINS SANITATION DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**With Comparative Amounts for the Year Ended December 31, 2020**

	<b>2021</b>				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2020 Actual
<b>Capital expenditures - Non-Operating</b>					
Collection	\$ 125,000	\$ 125,000	\$ 2,325	\$ 122,675	\$ -
Treatment	2,268,000	2,268,000	2,944,279	(676,279)	7,380,640
Total Non-Operating Expenditures	2,393,000	2,393,000	2,946,604	(553,604)	7,380,640
<b>Enterprise (loss)</b>	(2,892,002)	(2,892,002)	4,055,571	6,947,573	(5,587,255)
<b>Governmental function:</b>					
<b>Revenues</b>					
Property taxes	451,312	451,312	489,092	37,780	446,843
<b>Expenditures</b>					
Collection fees	8,475	8,475	9,025	(550)	8,284
Directors fees	12,000	12,000	6,800	5,200	7,300
Directors payroll taxes	960	960	541	419	699
Directors expenses	12,000	12,000	13,962	(1,962)	3,999
Operating transfer out	-	-	458,764	(458,764)	426,561
Total expenditures	33,435	33,435	489,092	(455,657)	446,843
<b>Excess revenues over expenditures</b>	417,877	417,877	-	(417,877)	-
<b>Deficiency of budgetary revenues over budgetary expenditures</b>	\$ (2,474,125)	\$ (2,474,125)	\$ 4,055,571	\$ 6,529,696	\$ (5,587,255)