

SOUTH FORT COLLINS SANITATION DISTRICT

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2022 and 2021

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 years ended December 31, 2022 and 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 referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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.

Responsibilities of Management for the Financial Statements

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

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

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 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.

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 audits were 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) as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
June 28, 2023



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, 2022. In addition to this overview and analysis based on currently known facts, decisions and conditions, the District would encourage readers to consider the information presented in the District's financial statements, which begin on page 12 of this report.

FINANCIAL HIGHLIGHTS

- ❖ The assets of the District exceeded its liabilities and deferred inflows of resources at the end of the fiscal year ended December 31, 2022 by \$174.3 million (net position). Of the net position balance, \$39.0 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 \$11.4 million.
- ❖ The District's revenue from service charges, its principal operating revenue, increased by \$202 thousand (3.1%) during fiscal year 2022. This is due to the increased number of taps serviced. Service charge revenue for non-residential customers is based upon water usage.
- ❖ The number of customers served by the District increased by 555 taps (3.5%) in 2022, generating \$5.2 million in system development and impact fees as part of capital contributions. The District served a total of 16,638 taps at year end.
- ❖ The District accepted 12 new projects for the year ended December 31, 2022, representing \$5.5 million in capital contributions.
- ❖ The District maintained its property tax mill levy at 0.5 mills which generated \$516 thousand in revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- ❖ The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between assets, and liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may provide an indication of whether the District's financial position is improving or deteriorating. The statement also provides the basis for determining the overall financial health of the District including liquidity and financial flexibility.
- ❖ The statement of revenues, expenses, and changes in net position presents information reflecting how the District's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., service charges billed but not received at year end, invoicing from vendors received but not paid by year end and earned but unused vacation leave). This statement measures the success of the District's overall operation and can be used to determine whether the District's user fee, rates and changes are sufficient to recover operating costs.
- ❖ The statement of cash flows present information concerning the District's cash receipts and cash payments during the year. The statement reports the cash receipts, cash payments, and net cash from operations, investing, and capital and non-capital financing activities.

FINANCIAL ANALYSIS OF THE SOUTH FORT COLLINS SANITATION DISTRICT

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

Financial Policy and Priorities

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

1. Growth within the District pays for its own way.
2. District administration, 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 2022 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,		
	2022	2021	2020
Current Assets	\$ 40,243,935	\$ 32,275,844	\$ 29,642,218
Capital Assets	135,238,671	131,962,163	125,069,754
Total Assets	\$ 175,482,606	\$ 164,238,007	\$ 154,711,972
Current Liabilities	\$ 556,428	\$ 733,099	\$ 2,191,826
Non-Current Liabilities	83,929	57,818	66,335
Total Liabilities	\$ 640,357	\$ 790,917	\$ 2,258,161
Deferred Inflows of Resources	\$ 536,370	\$ 541,642	\$ 496,343
Net Position			
Net Investment in Capital Assets	\$ 135,238,671	\$ 131,962,163	\$ 125,069,754
Restricted Emergency Reserve	15,500	13,000	13,000
Unrestricted	39,051,708	30,930,285	26,874,714
Total Net Position	\$ 174,305,879	\$ 162,905,448	\$ 151,957,468

Table B
Condensed Statements of Revenues, Expenses and Changes in Net Assets
Year ended December 31,

	2022	2021	2020
Total Operating Revenues	\$ 6,789,312	\$ 6,587,472	\$ 6,174,322
Total Operating Expenses	7,166,514	6,840,955	6,337,310
(Loss) from Operations	(377,202)	(253,483)	(162,988)
Non-Operating Revenues	1,138,942	507,528	685,982
Net Income Before Contributions	761,740	254,045	522,994
Capital Contributions	10,638,691	10,693,935	5,085,793
Changes in Net Position	11,400,431	10,947,980	5,608,787
Net Assets - Beginning of Year	162,905,448	151,957,468	146,348,681
Net Assets - End of Year	<u>\$174,305,879</u>	<u>\$162,905,448</u>	<u>\$151,957,468</u>

Operating activities decreased the District's net position by \$377 thousand compared to a decrease of \$253 thousand in 2021. Key elements of this change are due to the following:

- ❖ There was an overall increase in operating expenses of \$326 thousand (4.8%) with engineering, pretreatment and collections decreased \$167 thousand due to personnel changes and engineering consulting; treatment and office increased \$52 thousand due to personal increases and service contracts; administration increasing by \$213 thousand mainly due to the District hiring its own administration staff (separate from the administration contracted with Fort Collins-Loveland Water District) and increase in audit fees and management fees; and depreciation increasing by \$211 thousand. Depreciation expense is \$2.7 million, which is 38.3% of operating expenses.

Non-operating activities increased the District's net position by \$1.1 million.

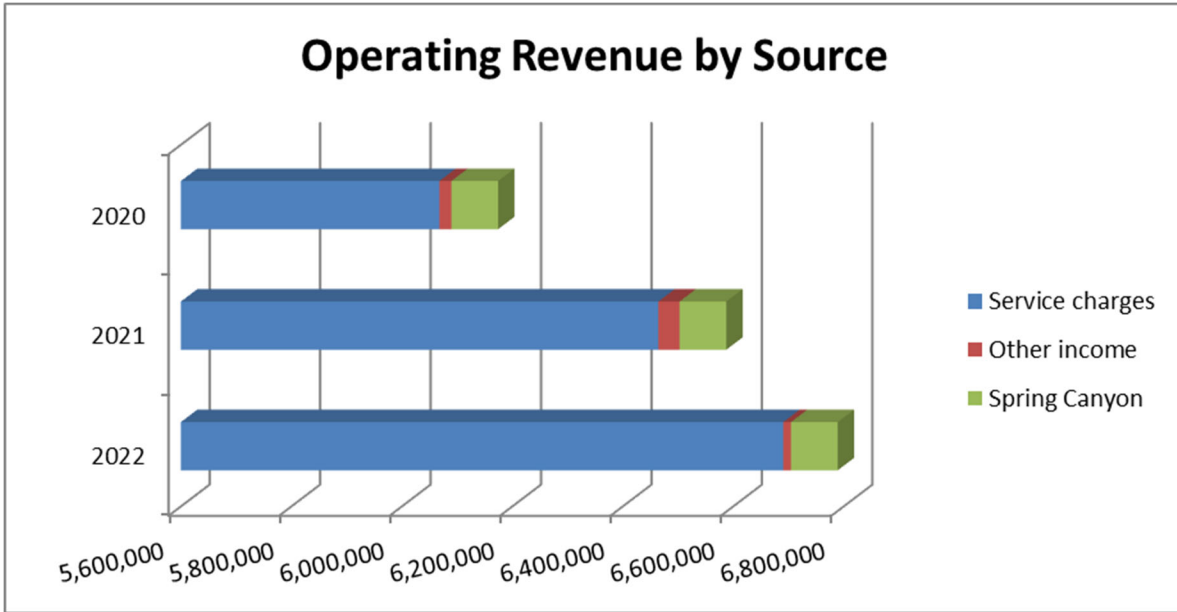
- ❖ Property tax collections \$516 thousand (net of fees) and investment income \$594 thousand.

Capital contributions increased the District's net position by \$10.6 million.

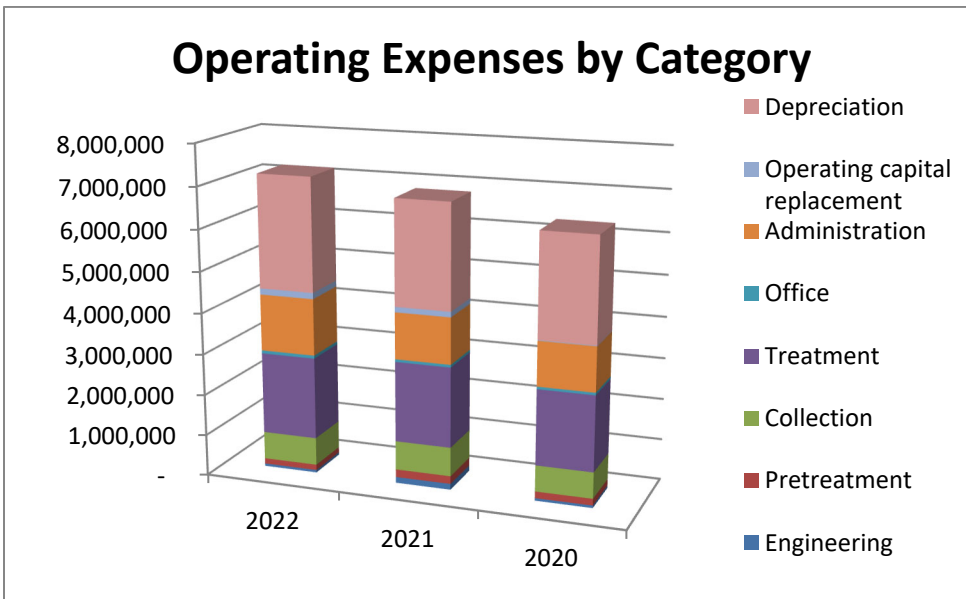
- ❖ Contributions of capital assets were \$5.5 million. These contributions represent collection lines in new subdivisions that were deeded to the District.
- ❖ Other capital contributions of plant investment fees amounting to \$5.2 million. Tap fees represent new residential and non-residential capital payments to the District for the cost of new infrastructure related to growing number of taps served.

Operating Activities

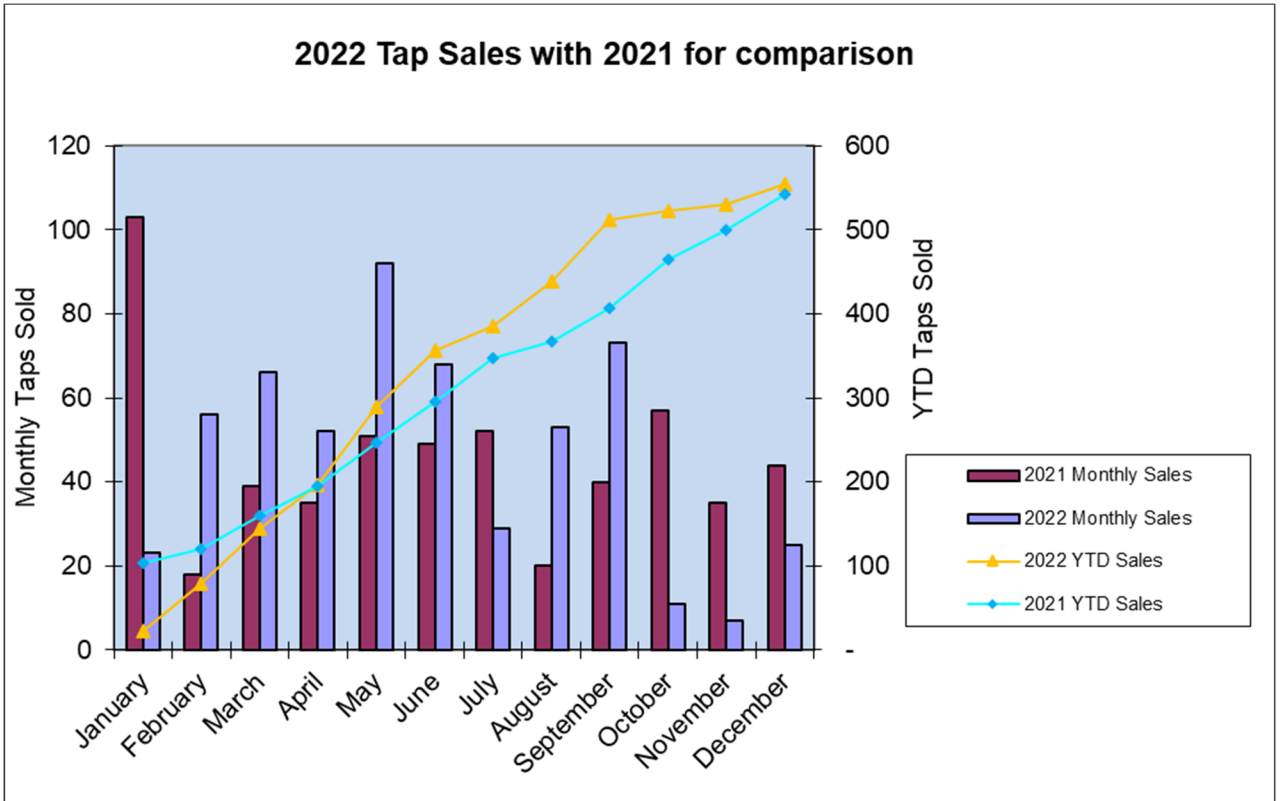
2022 Operating revenues increased the District's Net Position by \$6.8 million



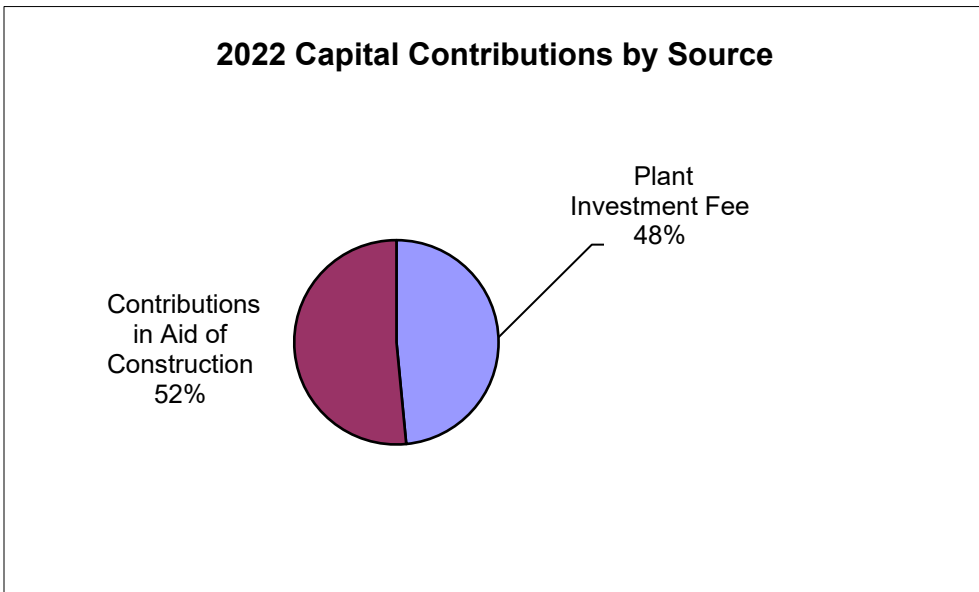
2022 Operating expenses decreased the District's Net Position by \$7.2 million



Active taps grew by 555 in 2022



Capital contributions increased the District's Net Position by \$10.6 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 26 of this report.

The variance between actual revenues over expenditures and the budget amounted to a favorable \$15.9 million and is summarized as follows:

- ❖ Tap fee revenue was \$3.0 million over budget.
- ❖ Engineering expenses were \$89 thousand under budget.
- ❖ Collection system expenses were \$145 thousand under budget as a result of wages (\$28 thousand), and repairs and maintenance on lines and lift stations (\$77 thousand).
- ❖ Pretreatment and Treatment system expenses were \$330 thousand under budget. Significant items over budget are: pretreatment wages (\$30 thousand), treatment wages (\$48 thousand) plant utilities (\$70 thousand), and treatment service contracts (\$94 thousand).
- ❖ Office and Administration were \$56 thousand under budget.
- ❖ Operating and nonoperating capital purchases were \$10.3 million under budget. This is mainly due to the wastewater orbital rehabilitation project not being completed.

Capital Assets and Long-Term Debt

Capital Assets. The District's investment in capital assets as of December 31, 2022, amounted to \$135.2 million (net of accumulated depreciation). This investment in capital assets includes land and easements, collection system lines, buildings and improvements, machinery, equipment and wastewater infrastructure.

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

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

Next Year's Budget and Rates

The District will enter 2022 with \$38.6 million in cash which represents an increase over 2022 beginning balances of \$7.8 million. It is anticipated that the District balances may decrease during 2023, depending on the timing of several lift station rehabilitation projects, and the orbital 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 ten 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 2023 and conduct these activities within 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
General Manager
5150 Snead Drive
Ft. Collins, CO 80525

SOUTH FORT COLLINS SANITATION DISTRICT
Statements of Net Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 38,599,758	\$ 30,750,053
Receivables	1,480,822	1,414,693
Prepaid items	163,355	111,098
Total Current Assets	40,243,935	32,275,844
Capital Assets		
Land, easements and construction in progress	1,013,424	41,269,700
Depreciable capital assets, net of accumulated depreciation	134,225,247	90,692,463
Total Capital Assets	135,238,671	131,962,163
Total Assets	175,482,606	164,238,007
LIABILITIES		
Current Liabilities		
Accounts payable	427,793	235,976
Accrued expenses	128,635	497,123
Total Current Liabilities	556,428	733,099
Non-current Liabilities		
Accrued compensated absences	83,929	57,818
Total Non-Current Liabilities	83,929	57,818
Total Liabilities	640,357	790,917
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue - property taxes	536,370	541,642
Total Deferred Inflows of Resources	536,370	541,642
NET POSITION		
Net investment in capital assets	135,238,671	131,962,163
Restricted for emergencies	15,500	13,000
Unrestricted net position	39,051,708	30,930,285
Total Net Position	\$ 174,305,879	\$ 162,905,448

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, 2022 and 2021

	2022	2021
Operating Revenues		
Sewer charges and other services	\$ 6,789,312	\$ 6,587,472
Total Operating Revenues	6,789,312	6,587,472
Operating Expenses		
Engineering	60,620	143,668
Pretreatment	135,591	190,824
Collection	675,015	703,945
Treatment	1,989,196	1,947,285
Office	74,139	64,075
Administration	1,318,801	1,105,538
Operating capital replacement	148,637	129,397
Depreciation	2,745,634	2,534,920
Directors fees and expenses	18,881	21,303
Total Operating Expenses	7,166,514	6,840,955
(Loss) income from Operations	(377,202)	(253,483)
Non-Operating Revenues		
Property taxes - net of fees	516,330	480,067
Inclusion fees	1,753	15,545
Interest income on investments - net of fees	594,040	11,916
Gain on sale of capital assets	26,819	-
Total Non-Operating Revenues	1,138,942	507,528
Income before Capital Contributions	761,740	254,045
Capital Contributions	10,638,691	10,693,935
Change in Net Position	11,400,431	10,947,980
Total Net Position - Beginning	162,905,448	151,957,468
Total Net Position - Ending	\$ 174,305,879	\$ 162,905,448

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, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Cash received from customers	\$ 6,717,911	\$ 6,559,650
Cash paid to suppliers	(3,236,453)	(3,791,245)
Cash paid to employees	(1,387,244)	(1,209,639)
Net cash flows from operating activities	2,094,214	1,558,766
Cash flows from noncapital financing activities		
Property taxes	526,081	489,092
Property tax collection fees	(9,751)	(9,025)
Inclusion fees	1,753	15,545
Net cash flows from noncapital financing activities	518,083	495,612
Cash flows from capital and related financing activities		
Contributed capital	5,155,300	6,348,800
Proceeds from the sale of capital assets	51,387	-
Acquisition of capital assets	(563,319)	(5,767,765)
Net cash flows from capital and related financing activities	4,643,368	581,035
Cash flows from investing activities		
Earnings on investments	594,040	11,916
Net cash flows from investing activities	594,040	11,916
Net change in cash and cash equivalents	7,849,705	2,647,329
Cash and cash equivalents at beginning of year	30,750,053	28,102,724
Cash and cash equivalents at end of year	\$ 38,599,758	\$ 30,750,053

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, 2022 and 2021

	2022	2021
Reconciliation of (loss) income from operations to net cash flows from operating activities:		
(Loss) income from operations	\$ (377,202)	\$ (253,483)
Adjustments to reconcile operating (loss) income to net cash flows from operating activities:		
Depreciation	2,745,634	2,534,920
Changes in assets and liabilities:		
Receivables	(71,401)	(27,822)
Prepaid items	(52,257)	86,824
Accounts payable and accrued expenses	(176,671)	(773,156)
Accrued compensated absences	26,111	(8,517)
Net cash flows from operating activities	\$ 2,094,214	\$ 1,558,766
 Noncash capital and related financing transactions		
Capital assets contributed	\$ 5,483,391	\$ 4,345,135
Capital asset additions included in accounts payable	\$ -	\$ 54,250

The notes are an integral part of these financial statements

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021

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	\$ 34,157	\$ -	\$ 34,157
Enterprise function	17,021,357	-	17,021,357

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.

	2022	2021
Change in net position	\$11,400,431	\$ 10,947,980
Depreciation	2,745,634	2,534,920
Non-cash capital contributions	(5,483,391)	(4,345,135)
Acquisition of capital assets (cash and non-cash)	(536,784)	(5,082,194)
Excess expenditures over revenues, budgetary basis	\$ 8,125,890	\$ 4,055,571

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, 2022 and 2021

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, 2022 and 2021, 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, 2022 or 2021, 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
2022	\$ 57,818	\$ 93,582	\$ (67,471)	\$ 83,929
2021	\$ 66,335	\$ 54,489	\$ (63,006)	\$ 57,818

Accrued Expenses

Accrued Expenses represent incurred expenses that were not paid during the year. At December 31, 2022 and 2021, accrued expenses were \$128,635 and \$497,123, respectively.

South Fort Collins Sanitation District
Notes to Financial Statements
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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 assets 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.

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 2022 are recorded as taxes receivable and deferred inflows of resources as of December 31, 2022.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2022 and 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. 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.

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, 2022, the District had deposits with financial institutions with a carrying amount of \$2,581,502. The bank balances with the financial institutions were \$3,003,610, of which, \$250,000 was covered by federal depository insurance. The remaining balance of \$2,753,610 was collateralized with securities held by the financial institutions' agents but not in the District's name. 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.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2022 and 2021

Cash deposits and cash equivalents held by the District at December 31, 2022 and 2021, were as follows:

	2022	2021
Petty cash	\$ 50	\$ 50
Cash on deposit with financial institutions	2,581,502	2,599,145
Local government investment pool	36,018,206	28,150,858
Total cash and cash equivalents	\$38,599,758	\$30,750,053

Local Government Investment Pools

As of December 31, 2022 and 2021, the District had invested balances of \$11,365,634 and \$8,181,824 in CSAFE, an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE is a highly liquid fund operating similarly to a money market-like fund and each share is equal in value to \$1.00. CSAFE measures all of its investment at amortized cost in accordance with GASB Statement No. 79. CSAFE invests primarily in United States Treasuries, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, AAAM rated money market funds, highly rated corporate bonds and Colorado Depositories. The weighted average maturity of the portfolio shall not exceed 60 days and the weighted average life of the portfolio shall not exceed 120 days. CSAFE is rated AAAM by Standard & Poor’s. The District reports this investment value at amortized cost.

At December 31, 2022 and 2021, the District had invested \$24,652,572 and \$19,969,034 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

South Fort Collins Sanitation District
Notes to Financial Statements
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- 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 subject to interest rate risk held by the District at December 31, 2022 and 2021.

3. Receivables

Receivables at December 31, 2022 and 2021, consisted of the following:

	2022	2021
Trade accounts receivable	\$ 944,452	\$ 873,051
Property taxes receivable	536,370	541,642
Total receivables	\$ 1,480,822	\$ 1,414,693

4. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2022:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 40,332,128	\$ 241,465	\$ (40,497,741)	\$ 75,852
Land and easements	937,572	-	-	937,572
Total capital assets, not being depreciated	41,269,700	241,465	(40,497,741)	1,013,424
Capital assets, being depreciated:				
Sewer lines	87,330,248	5,751,313	-	93,081,561
Sewage treatment plant	38,271,810	40,497,741	-	78,769,551
Equipment	1,306,849	53,932	(95,767)	1,265,014
Total capital assets, being depreciated	126,908,907	46,302,986	(95,767)	173,116,126

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2022 and 2021

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Less accumulated depreciation for:				
Sewer lines	\$ (26,315,852)	\$ (1,830,270)	\$ -	\$ (28,146,122)
Sewage treatment plant	(8,823,769)	(837,285)	-	(9,661,054)
Equipment	(1,076,823)	(78,079)	71,199	(1,083,703)
Total accumulated depreciation	(36,216,444)	(2,745,634)	71,199	(38,890,879)
Total capital assets, being depreciated, net	90,692,463	43,557,352	(24,568)	134,225,247
Capital assets, net	\$ 131,962,163	\$ 43,798,817	\$ (40,522,309)	\$ 135,238,671

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

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 35,400,144	\$ 4,931,984	\$ -	\$ 40,332,128
Land and easements	937,572	-	-	937,572
Total capital assets, not being depreciated	36,337,716	4,931,984	-	41,269,700
Capital assets, being depreciated:				
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
Total capital assets, being depreciated	122,437,427	4,495,345	(23,865)	126,908,907
Less accumulated depreciation for:				
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)
Total accumulated depreciation	(33,705,389)	(2,534,920)	23,865	(36,216,444)
Total capital assets, being depreciated, net	88,732,038	1,960,425	-	90,692,463
Capital assets, net	\$ 125,069,754	\$ 6,892,409	\$ -	\$ 131,962,163

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2022 and 2021

5. Commitments and Contingency

Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions, or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool ("CSDPLP"). The CSDPLP is an organization composed of approximately 1,100 members created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability, and boiler and machinery coverage to its members. The CSDPLP provides coverage for property claims up to the values declared and liability and public official's coverage for claims up to \$1,000,000. At December 31, 2021, CSDPLP has assets of \$68,195,261, liabilities of \$46,165,251 and surplus of \$22,030,010. The liability includes no long-term debt. Total underwriting revenues for 2021 amounted to \$24,889,624 and total underwriting expenses were \$25,123,490 resulting in an excess of underwriting expenses over revenues of \$233,866. 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, 2022 and 2021, was \$974,282 and \$863,385, respectively. As of December 31, 2022 and 2021, the District owed the Fort Collins-Loveland Water District \$79,400 and \$97,099, respectively.

The Board of Directors voted on June 8, 2022, to pursue a separation of the administrative management of the District from Fort Collins-Loveland Water District. On March 31, 2023, both Districts signed an Intergovernmental Agreement to end all administrative management items at various schedules and timeframes with the latest deadline being December 31, 2023.

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, 2022, 2021 and 2020 were \$37,476, \$40,699 and \$45,046, respectively.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2022 and 2021

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 (\$20,500 and \$19,500 for the calendar years 2022 and 2021, respectively). Catch-up contributions of up to \$6,000 for calendar years 2022 and 2021, 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, 2022 and 2021, the District did not make any contributions to the Plan.

9. Tabor Compliance

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

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 \$15,500 and \$13,000 as of December 31, 2022 and 2021, respectively, for emergencies as defined by TABOR.

The Amendment is complex and subject to judicial interpretation.

10. Subsequent Events

The District evaluated subsequent events through June 28, 2023, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

Supplementary Information

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022
With Comparative Amounts for the Year Ended December 31, 2021

	2022				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2021 Actual
Enterprise function:					
Revenues					
Operating Revenues					
Service charges	\$ 6,460,000	\$ 6,460,000	\$ 6,690,801	\$ 230,801	\$ 6,464,514
Miscellaneous income	20,000	20,000	13,911	(6,089)	38,358
Revenue - Spring Canyon	84,600	84,600	84,600	-	84,600
Total Operating Revenues	6,564,600	6,564,600	6,789,312	224,712	6,587,472
Non-Operating Revenues					
Interest on investments	20,000	20,000	594,040	574,040	11,916
Tap fees	2,170,000	2,170,000	5,155,300	2,985,300	6,348,800
Inclusion fees	-	-	1,753	1,753	15,545
Proceeds from the sale of capital assets	-	-	26,819	26,819	-
Total Non-Operating Revenues	2,190,000	2,190,000	5,777,912	3,587,912	6,376,261
Operating transfer in	-	-	497,449	497,449	458,764
Total Revenues	8,754,600	8,754,600	13,064,673	4,310,073	13,422,497
Expenditures - Operating					
Engineering					
Consulting	150,000	150,000	60,620	89,380	143,668
Total Engineering	150,000	150,000	60,620	89,380	143,668
Pretreatment					
Wages	96,000	96,000	65,700	30,300	75,048
Payroll taxes	7,680	7,680	5,898	1,782	7,678
Retirement	5,760	5,760	3,751	2,009	5,434
Insurance - medical	26,000	26,000	15,167	10,833	25,000
Insurance - life	1,000	1,000	360	640	1,007
Workers' comp insurance	1,400	1,400	1,691	(291)	1,317
Cell phone	650	650	255	395	485
Consulting	2,500	2,500	22,160	(19,660)	67,468
Dues & subscriptions	100	100	100	-	60
Education & training	2,500	2,500	-	2,500	173
Fuel	1,625	1,625	-	1,625	262
Lab testing	12,000	12,000	17,610	(5,610)	6,735
Miscellaneous	500	500	512	(12)	115
Office supplies	650	650	58	592	-
Public education	800	800	1,729	(929)	39
R & M - vehicles	1,600	1,600	600	1,000	3
Total Pretreatment	160,765	160,765	135,591	25,174	190,824

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022
With Comparative Amounts for the Year Ended December 31, 2021

	2022				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2021 Actual
Collection					
Wages	\$ 343,000	\$ 343,000	\$ 314,691	\$ 28,309	\$ 264,257
On-call & overtime	34,000	34,000	21,787	12,213	29,443
Payroll taxes	30,160	30,160	24,947	5,213	20,028
Insurance - medical	46,000	46,000	46,000	-	44,000
Insurance - life	2,700	2,700	2,785	(85)	1,387
Retirement	20,580	20,580	10,334	10,246	11,608
Workers' comp insurance	6,000	6,000	6,074	(74)	4,352
Cell phone	4,750	4,750	3,032	1,718	4,237
Education	7,500	7,500	9,727	(2,227)	11,590
Fuel	15,000	15,000	18,652	(3,652)	10,145
Miscellaneous	3,500	3,500	2,609	891	5,818
Office supplies	500	500	518	(18)	197
Power - Boyd Lake	-	-	-	-	3,370
Power - Crossroads	-	-	-	-	4,149
Power - Highland Meadows	-	-	-	-	12,153
Power - McClelland	-	-	-	-	2,074
Power - Ptarmigan	-	-	-	-	43,647
Utilities - lift stations	72,700	72,700	71,580	1,120	-
R & M - lines and lift stations	178,500	178,500	101,913	76,587	183,446
R & M - vehicles	15,000	15,000	8,438	6,562	15,761
Safety program	20,000	20,000	8,335	11,665	16,494
Supplies	2,000	2,000	6,553	(4,553)	3,425
Uniforms	3,500	3,500	2,690	810	992
Utility locates	15,000	15,000	14,350	650	11,372
Total Collection	820,390	820,390	675,015	145,375	703,945
Treatment					
Wages	567,000	567,000	519,070	47,930	437,703
On-call & overtime	58,000	58,000	43,585	14,415	55,690
Payroll taxes	50,000	50,000	42,872	7,128	38,494
Insurance - medical	135,000	135,000	135,000	-	135,000
Insurance - life	4,800	4,800	5,824	(1,024)	4,410
Retirement	34,020	34,020	19,744	14,276	23,657
Workers' comp insurance	14,000	14,000	10,710	3,290	8,268
Biomonitoring	10,000	10,000	12,595	(2,595)	7,050
Biosolids removal	98,000	98,000	69,022	28,978	79,327
Chemicals	337,000	337,000	301,942	35,058	364,472
Dues & subscriptions	2,000	2,000	640	1,360	2,068
Education & training	10,000	10,000	6,530	3,470	3,260
Fuel - standby power	3,000	3,000	4,324	(1,324)	3,205
Fuel - vehicle	3,400	3,400	3,909	(509)	3,187
Janitorial services	6,400	6,400	6,158	242	6,520
Lab testing	35,000	35,000	36,493	(1,493)	33,139
Miscellaneous	500	500	43	457	570
Safety	10,000	10,000	5,815	4,185	3,375
Office supplies	1,000	1,000	921	79	743
Permits	18,000	18,000	15,485	2,515	16,392
Utilities - plant	620,000	620,000	550,480	69,520	560,770

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022
With Comparative Amounts for the Year Ended December 31, 2021

	2022				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2021 Actual
Cell phones	\$ 6,600	\$ 6,600	\$ 3,319	\$ 3,281	\$ 3,809
R & M - building	25,000	25,000	23,989	1,011	6,955
R & M - grounds	10,000	10,000	16,126	(6,126)	9,065
R & M - plant	40,000	40,000	47,812	(7,812)	79,043
R & M - vehicles	3,000	3,000	2,476	524	5,568
Service contracts	148,000	148,000	54,040	93,960	12,128
Supplies	2,500	2,500	9,054	(6,554)	1,938
Telephone	8,500	8,500	5,662	2,838	7,315
Trash removal	18,000	18,000	20,285	(2,285)	20,234
Uniforms	4,000	4,000	2,923	1,077	3,282
Water quality monitoring	3,500	3,500	5,139	(1,639)	3,193
Water usage	8,000	8,000	7,209	791	7,455
Total Treatment	2,294,220	2,294,220	1,989,196	305,024	1,947,285
Office					
Payroll processing	7,000	7,000	5,002	1,998	5,286
Postage	28,500	28,500	28,401	99	30,914
Printing	18,500	18,500	18,387	113	19,689
Publications & notices	1,000	1,000	424	576	388
Customer relations	10,000	10,000	12,047	(2,047)	85
Bank service charges	8,500	8,500	5,968	2,532	7,713
Consulting	30,800	30,800	2,662	28,138	-
Employee awards & recognition	4,000	4,000	94	3,906	-
Recruiting & onboarding	2,000	2,000	1,154	846	-
Total Office	110,300	110,300	74,139	36,161	64,075
Administration					
Audit	14,400	14,400	28,425	(14,025)	9,938
Consulting	50,000	50,000	47,921	2,079	76,038
Contingency	10,000	10,000	3,954	6,046	4,906
Dues & subscriptions	7,000	7,000	4,545	2,455	4,037
Education & training	2,500	2,500	-	2,500	-
Insurance - liability	56,000	56,000	45,555	10,445	32,630
Insurance - property	95,000	95,000	51,452	43,548	60,330
Legal	125,000	125,000	50,477	74,523	52,837
Management fees - FCLWD	974,282	974,282	974,282	-	863,385
Miscellaneous expenses	4,000	4,000	1,404	2,596	1,437
Travel	500	500	-	500	-
Wages	-	-	101,428	(101,428)	-
Payroll taxes	-	-	5,345	(5,345)	-
Retirement	-	-	3,647	(3,647)	-
Workers' comp insurance	-	-	366	(366)	-
Total Administration	1,338,682	1,338,682	1,318,801	19,881	1,105,538

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022
With Comparative Amounts for the Year Ended December 31, 2021

	2022				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2021 Actual
Operating Capital Replacement					
Collection - operating	\$ 8,114,000	\$ 8,114,000	\$ 442,984	\$ 7,671,016	\$ 231,271
Treatment - operating	2,682,500	2,682,500	51,971	2,630,529	2,028,086
Pretreatment	500	500	-	500	5,630
Total Operating Capital Replacement	10,797,000	10,797,000	494,955	10,302,045	2,264,987
Total Operating Expenses	15,671,357	15,671,357	4,748,317	10,923,040	6,420,322
Capital expenditures - Non-Operating					
Collection	100,000	100,000	-	100,000	2,325
Treatment	1,250,000	1,250,000	190,466	1,059,534	2,944,279
Total Non-Operating Expenditures	1,350,000	1,350,000	190,466	1,159,534	2,946,604
Enterprise (loss) income	(8,266,757)	(8,266,757)	8,125,890	16,392,647	4,055,571
Governmental function:					
Revenues					
Property taxes	489,254	489,254	526,081	36,827	489,092
Expenditures					
Collection fees	9,197	9,197	9,751	(554)	9,025
Directors fees	12,000	12,000	6,100	5,900	6,800
Directors payroll taxes	12,000	12,000	479	11,521	541
Directors expenses	960	960	12,302	(11,342)	13,962
Operating transfer out	-	-	497,449	(497,449)	458,764
Total expenditures	34,157	34,157	526,081	(491,924)	489,092
Excess revenues over expenditures	455,097	455,097	-	(455,097)	-
(Deficiency) Excess of budgetary revenues over budgetary expenditures	\$ (7,811,660)	\$ (7,811,660)	\$ 8,125,890	\$ 15,937,550	\$ 4,055,571

See accompanying independent auditor's report.