

# **South Fort Collins Sanitation District**

Financial Statements and  
Supplementary Information

December 31, 2023 and 2022

# South Fort Collins Sanitation District

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December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 audits. 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. Management has elected not to include narrative of the changes during 2022. 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) 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  
September 30, 2024



# MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

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, 2023. 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, 2023 by \$183.5 million (net position). Of the net position balance, \$48.8 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 \$9.2 million.
- ❖ The District's revenue from service charges, its principal operating revenue, increased by \$414 thousand (6.1%) during fiscal year 2023. The primary reason is due to the increase in the number of taps serviced. Service charge revenue for non-residential customers is a base monthly charge added to a volume rate based on water usage.
- ❖ The number of customers served by the District increased by 414 taps (2.5%) in 2023, generating \$6.6 million in system development and impact fees as part of capital contributions. The District served a total of 17,052 taps at year end.
- ❖ The District accepted 9 new projects for the year ended December 31, 2023, representing \$2 million in capital contributions.
- ❖ The District maintained its property tax mill levy at 0.5 mills which generated \$523 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 presents 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 2023 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 a 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,		
	2023	2022	2021
Current Assets	\$ 50,149,768	\$ 40,243,935	\$ 32,275,844
Capital Assets	134,675,874	135,238,671	131,962,163
Total Assets	\$ 184,825,642	\$ 175,482,606	\$ 164,238,007
Current Liabilities	\$ 561,581	\$ 556,428	\$ 733,099
Non-Current Liabilities	124,311	83,929	57,818
Total Liabilities	\$ 685,892	\$ 640,357	\$ 790,917
Deferred Inflows of Resources	\$ 630,968	\$ 536,370	\$ 541,642
Net Position			
Net Investment in Capital Assets	\$ 134,675,874	\$ 135,238,671	\$ 131,962,163
Restricted Emergency Reserve	15,691	15,500	13,000
Unrestricted	48,817,217	39,051,708	30,930,285
Total Net Position	\$ 183,508,782	\$ 174,305,879	\$ 162,905,448

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

	2023	2022	2021
Total Operating Revenues	\$ 7,203,073	\$ 6,789,312	\$ 6,587,472
Total Operating Expenses	9,386,587	7,166,514	6,840,955
(Loss) from Operations	(2,183,514)	(377,202)	(253,483)
Non-Operating Revenues	2,784,834	1,138,942	507,528
Net Income Before Contributions	601,320	761,740	254,045
Capital Contributions	8,601,583	10,638,691	10,693,935
Changes in Net Position	9,202,903	11,400,431	10,947,980
Net Assets - Beginning of Year	174,305,879	162,905,448	151,957,468
Net Assets - End of Year	<u>\$183,508,782</u>	<u>\$174,305,879</u>	<u>\$162,905,448</u>

**Operating activities** decreased the District's net position by \$2.2 million compared to a decrease of \$377 thousand in 2022. Key elements of this change are due to the following:

- ❖ There was an increase in operating expenses of \$2.2 million or 31% from 2022. Excluding depreciation, operating expenses in 2023 increased 1.4 million or 32% from 2022. The primary reason for the increase relates to the changeover in the first half of the year to a new in-house management and administration team. During the transition, the same cost came about from having the outsource firm continue to give support to the recently hired staff. Other increases were to labor/benefits, chemicals, utility billing, accounting and payroll software.

**Non-operating activities** increased the District's net position by \$2.8 million.

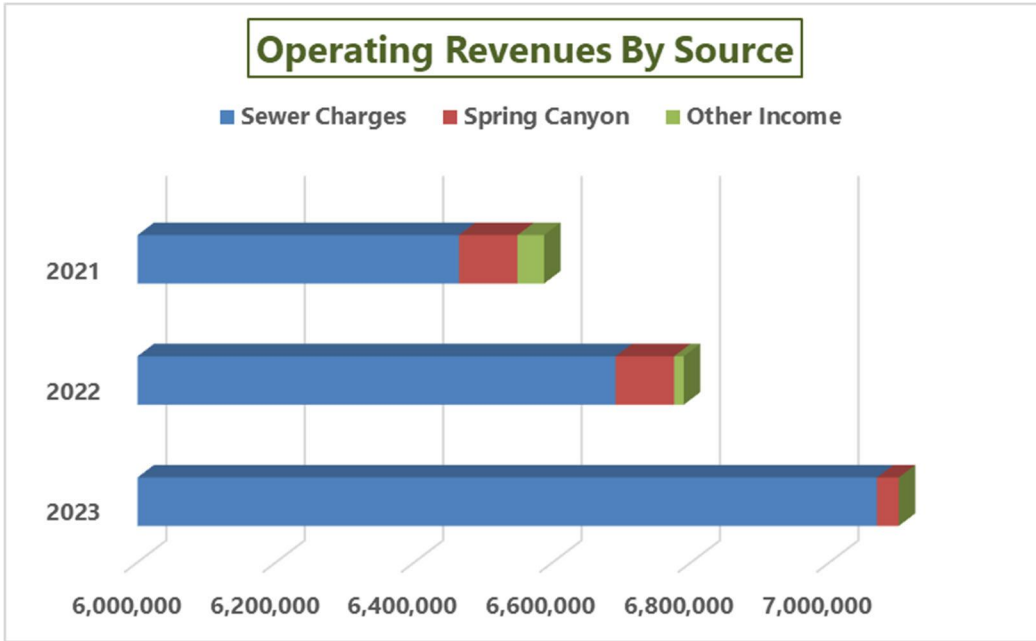
- ❖ Property tax collections \$523 thousand (net of fees) and investment income \$2.2 million.

**Capital contributions** increased the District's net position by \$8.6 million.

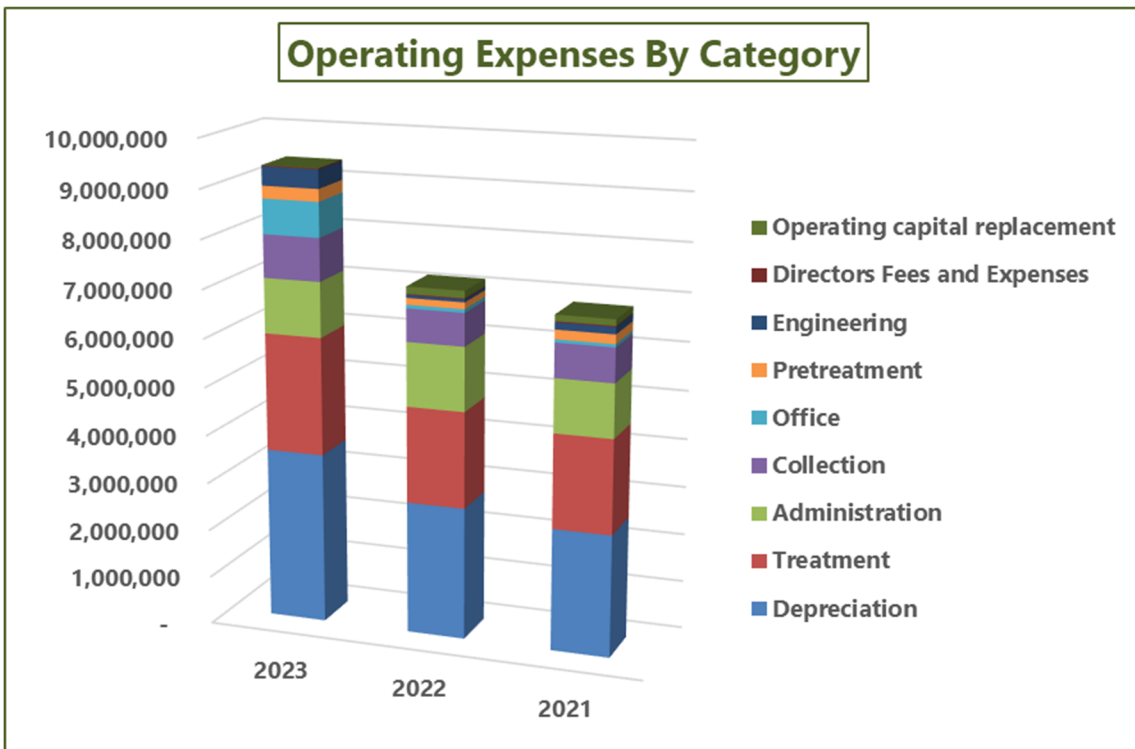
- ❖ Contributions of capital assets were \$2 million. These contributions represent collection lines in new subdivisions that were deeded to the District.
- ❖ Other capital contributions of plant investment fees amounting to \$6.6 million. Tap fees represent new residential and non-residential capital payments to the District for the cost to enlarge the infrastructure related to the growing number of taps served.

## Operating Activities

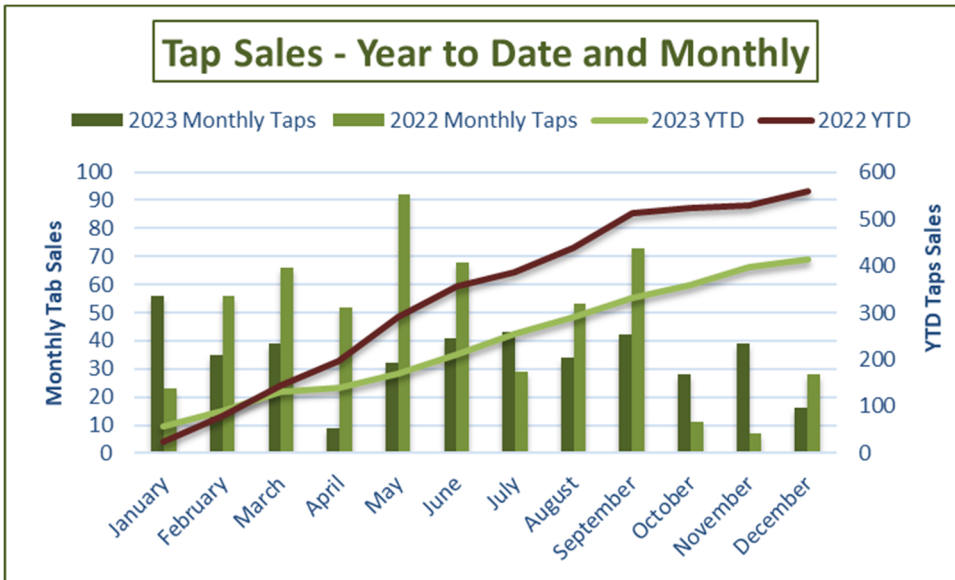
2023 Operating revenues increased the District's Net Position by \$7.2 million



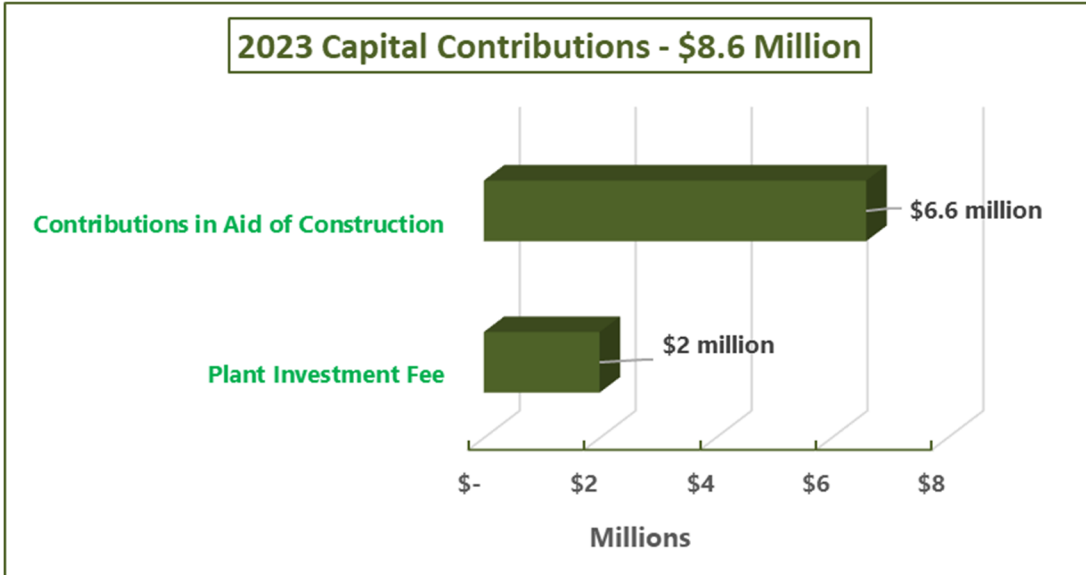
2023 Operating expenses decreased the District's Net Position by \$9.4 million



**Active taps grew by 414 in 2023**



**Capital contributions increased the District's Net Position by \$8.6 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 \$12.5 million and is summarized as follows:

- ❖ Tap fee revenue was \$4.5 million over budget.
- ❖ Engineering expenses were \$102 thousand over budget. The primary reason was related to the new in-house personnel.
- ❖ Collection system expenses were \$194 thousand under budget. The main driver was wages (\$ 201 thousand).
- ❖ Pretreatment and Treatment system expenses were \$538 thousand over budget. Significant items over budget are pretreatment wages and benefits (\$214 thousand), chemicals (\$206 thousand) and plant repair & maintenance (\$121 thousand).
- ❖ Office and Administration were \$370 thousand under budget.
- ❖ Operating and nonoperating capital purchases were \$5.9 million under budget. This is mainly due to the treatment Orbal rehabilitation project being rescheduled to 2024.

## Capital Assets and Long-Term Debt

**Capital Assets.** The District's investment in capital assets as of December 31, 2023, amounted to \$134.7 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 23 and 24 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 2024 with \$48.6 million in cash which represents an increase over 2023 beginning balances of \$10 million. It is anticipated that the District cash balance may decrease during 2024, as the result of 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 7,000 units over the next 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.
- ❖ In 2023, the District ended their contract related to the outsourcing of the day to day administration and has established a new in-house management and administration team.

## **Contact**

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

Finance Manager  
2560 East County Road  
Ft. Collins, CO 80528

## **BASIC FINANCIAL STATEMENTS**

## South Fort Collins Sanitation District

Statements of Net Position  
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 48,553,507	\$ 38,599,758
Restricted cash and cash equivalents	15,691	15,500
Receivables	1,416,477	1,480,822
Prepaid items	164,093	163,355
	<u>50,149,768</u>	<u>40,259,435</u>
<b>Capital Assets</b>		
Land, easements and construction in progress	1,841,158	1,013,424
Depreciable capital assets, net of accumulated depreciation	132,834,716	134,225,247
	<u>134,675,874</u>	<u>135,238,671</u>
Total assets	<u>184,825,642</u>	<u>175,498,106</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	419,153	427,793
Accrued expenses	142,428	128,635
	<u>561,581</u>	<u>556,428</u>
<b>Noncurrent Liabilities</b>		
Accrued compensated absences	124,311	83,929
	<u>124,311</u>	<u>83,929</u>
Total liabilities	<u>685,892</u>	<u>640,357</u>
<b>Deferred Inflows of Resources</b>		
Unearned revenue, property taxes	630,968	536,370
	<u>630,968</u>	<u>536,370</u>
<b>Net Position</b>		
Net investment in capital assets	134,675,874	135,238,671
Restricted for emergencies	15,691	15,500
Unrestricted net position	48,817,217	39,051,708
	<u>\$ 183,508,782</u>	<u>\$ 174,305,879</u>

See notes to financial statements

## South Fort Collins Sanitation District

Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues</b>		
Sewer charges and other services	\$ 7,203,073	\$ 6,789,312
Total operating revenues	<u>7,203,073</u>	<u>6,789,312</u>
<b>Operating Expenses</b>		
Engineering	384,320	60,620
Pretreatment	256,267	135,591
Collection	884,013	675,015
Treatment	2,436,716	1,989,196
Office	717,612	74,139
Administration	1,138,767	1,318,801
Operating capital replacement	3,983	148,637
Depreciation	3,544,875	2,745,634
Directors fees and expenses	20,034	18,881
Total operating expenses	<u>9,386,587</u>	<u>7,166,514</u>
(Loss) income from operations	(2,183,514)	(377,202)
<b>Nonoperating Revenues</b>		
Property taxes, net of fees	523,019	516,330
Inclusion fees	2,617	1,753
Interest income on investments, net of fees	2,199,731	594,040
Other nonoperating revenues	57,967	-
Gain on sale of capital assets	1,500	26,819
Total nonoperating revenues	<u>2,784,834</u>	<u>1,138,942</u>
Income before capital contributions	601,320	761,740
<b>Capital Contributions</b>	<u>8,601,583</u>	<u>10,638,691</u>
Change in net position	9,202,903	11,400,431
<b>Total Net Position, Beginning</b>	<u>174,305,879</u>	<u>162,905,448</u>
<b>Total Net Position, Ending</b>	<u><u>\$ 183,508,782</u></u>	<u><u>\$ 174,305,879</u></u>

See notes to financial statements

## South Fort Collins Sanitation District

### Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 7,419,983	\$ 6,717,911
Cash paid to suppliers	(4,162,047)	(3,236,453)
Cash paid to employees	(1,789,991)	(1,387,244)
	<u>1,467,945</u>	<u>2,094,214</u>
Net cash flows from operating activities	<u>1,467,945</u>	<u>2,094,214</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Property taxes	535,428	526,081
Property tax collection fees	(12,409)	(9,751)
Inclusion fees	2,617	1,753
	<u>525,636</u>	<u>518,083</u>
Net cash flows from noncapital financing activities	<u>525,636</u>	<u>518,083</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Contributed capital	6,640,200	5,155,300
Proceeds from the sale of capital assets	1,500	51,387
Acquisition of capital assets	(865,572)	(563,319)
	<u>5,776,128</u>	<u>4,643,368</u>
Net cash flows from capital and related financing activities	<u>5,776,128</u>	<u>4,643,368</u>
<b>Cash Flows From Investing Activities</b>		
Earnings on investments	<u>2,199,731</u>	<u>594,040</u>
	<u>2,199,731</u>	<u>594,040</u>
Net cash flows from investing activities	<u>2,199,731</u>	<u>594,040</u>
Net change in cash and cash equivalents	9,969,440	7,849,705
<b>Cash and Cash Equivalents, Beginning</b>	<u>38,599,758</u>	<u>30,750,053</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 48,569,198</u>	<u>\$ 38,599,758</u>

See notes to financial statements

## South Fort Collins Sanitation District

### Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Operating Activities:</b>		
<b>Net Cash Flows From Operating Activities</b>		
(Loss) income from operations	\$ (2,183,514)	\$ (377,202)
Nonoperating income	57,967	-
Adjustments to reconcile operating (loss) income to net cash flows from operating activities:		
Depreciation	3,544,875	2,745,634
Changes in assets and liabilities:		
Receivables	64,345	(71,401)
Prepaid items	(738)	(52,257)
Accounts payable and accrued expenses	(69,165)	(176,671)
Accrued compensated absences	54,175	26,111
	<u>\$ 1,467,945</u>	<u>\$ 2,094,214</u>
<b>Noncash Capital and Related Financing Transactions</b>		
Capital assets contributed	<u>\$ 1,961,383</u>	<u>\$ 5,483,391</u>
Capital asset additions included in accounts payable	<u>\$ 155,124</u>	<u>\$ -</u>

See notes to financial statements

# South Fort Collins Sanitation District

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Notes to Financial Statements  
December 31, 2023 and 2022

## 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, 2023 and 2022

## 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:

<u>Budget</u>	<u>Original Budget</u>	<u>Total Revision</u>	<u>Revised</u>
Business-Type Fund:			
Governmental function	\$ 34,060	\$ -	\$ 34,060
Enterprise function	12,653,455	-	12,653,455

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.

	<u>2023</u>	<u>2022</u>
Change in net position:	\$ 9,202,903	\$ 11,400,431
Depreciation	3,544,875	2,745,634
Noncash capital contributions	(1,961,383)	(5,483,391)
Acquisition of capital assets (cash and noncash)	(1,016,714)	(536,784)
Excess expenditures over revenues, budgetary basis	<u>\$ 9,769,681</u>	<u>\$ 8,125,890</u>

## 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.

## 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, 2023 and 2022, the District did not hold any investments.

## South Fort Collins Sanitation District

Notes to Financial Statements  
December 31, 2023 and 2022

### 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, 2023 or 2022, 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:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Years ending December 31:				
2023	\$ 83,929	\$ 114,015	\$ (73,633)	\$ 124,311
2022	57,818	93,582	(67,471)	83,929

### Accrued Expenses

Accrued Expenses represent incurred expenses that were not paid during the year. At December 31, 2023 and 2022, accrued expenses were \$142,428 and \$128,635, respectively.

### 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.

## South Fort Collins Sanitation District

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Notes to Financial Statements  
December 31, 2023 and 2022

**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 nonoperating 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 nonoperating 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 nonresidential 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 2023 are recorded as taxes receivable and deferred inflows of resources as of December 31, 2023.

### 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. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*; Statement No. 101, *Compensated Absences*; Statement No. 102, *Certain Risk Disclosures* and Statement No. 103, *Financial Reporting Model Improvements*. 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, 2023 and 2022

### 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, 2023, the District had deposits with financial institutions with a carrying amount of \$5,360,591. The bank balances with the financial institutions were \$5,563,479, of which, \$250,000 was covered by federal depository insurance. The remaining balance of \$5,313,479 was collateralized with securities held by the financial institutions' agents but not in the District's name. 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.

Cash deposits and cash equivalents held by the District at December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Petty cash	\$ 50	\$ 50
Cash on deposit with financial institutions	5,360,591	2,581,502
Local governmental investment pool	<u>43,208,557</u>	<u>36,018,206</u>
Total cash and cash equivalents	<u>\$ 48,569,198</u>	<u>\$ 38,599,758</u>

##### Local Government Investment Pools

As of December 31, 2023 and 2022, the District had invested balances of \$17,077,765 and \$11,365,634 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, 2023 and 2022

At December 31, 2023 and 2022, the District had invested \$26,130,792 and \$24,652,572 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 subject to interest rate risk held by the District at December 31, 2023 and 2022.

## 3. Receivables

Receivables at December 31, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Trade accounts receivable	\$ 785,509	\$ 944,452
Property tax receivable	630,968	536,370
Total receivables	<u>\$ 1,416,477</u>	<u>\$ 1,480,822</u>

## South Fort Collins Sanitation District

Notes to Financial Statements  
December 31, 2023 and 2022

### 4. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2023:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 75,852	\$ 827,734	\$ -	\$ 903,586
Land and easements	937,572	-	-	937,572
Total capital assets, not being depreciated	<u>1,013,424</u>	<u>827,734</u>	<u>-</u>	<u>1,841,158</u>
Capital assets, being depreciated:				
Sewer lines	93,081,561	1,961,382	-	95,042,943
Sewage treatment plant	78,769,551	90,194	-	78,859,745
Equipment	1,265,014	102,768	-	1,367,782
Total capital assets, being depreciated	<u>173,116,126</u>	<u>2,154,344</u>	<u>-</u>	<u>175,270,470</u>
Less accumulated depreciation for:				
Sewer lines	(28,146,122)	(1,870,806)	-	(30,016,928)
Sewage treatment plant	(9,661,054)	(1,602,595)	-	(11,263,649)
Equipment	(1,083,703)	(71,474)	-	(1,155,177)
Total accumulated depreciation	<u>(38,890,879)</u>	<u>(3,544,875)</u>	<u>-</u>	<u>(42,435,754)</u>
Total capital assets, being depreciated, net	<u>\$ 134,225,247</u>	<u>\$ (1,390,531)</u>	<u>\$ -</u>	<u>\$ 132,834,716</u>
Capital assets, net	<u>\$ 135,238,671</u>	<u>\$ (562,797)</u>	<u>\$ -</u>	<u>\$ 134,675,874</u>

## South Fort Collins Sanitation District

Notes to Financial Statements  
December 31, 2023 and 2022

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	<u>41,269,700</u>	<u>241,465</u>	<u>(40,497,741)</u>	<u>1,013,424</u>
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	<u>126,908,907</u>	<u>46,302,986</u>	<u>(95,767)</u>	<u>173,116,126</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	<u>(36,216,444)</u>	<u>(2,745,634)</u>	<u>71,199</u>	<u>(38,890,879)</u>
Total capital assets, being depreciated, net	<u>\$ 90,692,463</u>	<u>\$ 43,557,352</u>	<u>\$ (24,568)</u>	<u>\$ 134,225,247</u>
Capital assets, net	<u>\$ 131,962,163</u>	<u>\$ 43,798,817</u>	<u>\$ (40,522,309)</u>	<u>\$ 135,238,671</u>

### 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 1,150 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. There have been no significant reductions in insurance coverage from prior years and settlements have not exceeded insurance coverage for each of the past three fiscal years.

At December 31, 2023, CSDPLP has assets of \$81,143,798, liabilities of \$58,670,068 and surplus of \$22,473,730. The liability includes no long-term debt. Total underwriting revenues for 2023 amounted to \$29,593,851 and total underwriting expenses were \$31,416,477 resulting in an excess of underwriting expenses over revenues of \$1,822,626. The amount of the District's share of these amounts is less than 1%.

## South Fort Collins Sanitation District

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Notes to Financial Statements  
December 31, 2023 and 2022

At December 31, 2022, CSDPLP has assets of \$69,212,177, liabilities of \$45,329,704 and surplus of \$23,882,473. The liability includes no long-term debt. Total underwriting revenues for 2022 amounted to \$27,064,468 and total underwriting expenses were \$25,447,966 resulting in an excess of underwriting revenues over expenses of \$1,616,502. The amount of the District's share of these amounts is less than 1%.

### 6. Transactions with Other Governmental Entities

The District paid 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, 2023 and 2022, was \$374,819 and \$974,282, respectively. As of December 31, 2023 and 2022, the District owed the Fort Collins-Loveland Water District \$0 and \$79,400, 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, 2023, 2022 and 2021 were \$75,626, \$37,476 and \$40,699, 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 (\$22,500 and \$20,500 for the calendar years 2023 and 2022, respectively). Catch-up contributions of up to \$6,000 for calendar years 2023 and 2022, 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, 2023 and 2022, the District did not make any contributions to the Plan.

## South Fort Collins Sanitation District

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Notes to Financial Statements  
December 31, 2023 and 2022

### 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 \$15,691 and \$15,500 as of December 31, 2023 and 2022, 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 September 30, 2024, 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)

Year Ended December 31, 2023

(With Comparative Amounts for the Year Ended December 31, 2022)

	2023				2022 Actual
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	
<b>Enterprise Function</b>					
<b>Revenues</b>					
<b>Operating Revenues</b>					
Service charges	\$ 6,783,000	\$ 6,783,000	\$ 7,068,389	\$ 285,389	\$ 6,690,801
Miscellaneous income	25,000	25,000	43,034	18,034	13,911
Revenue, Spring Canyon	91,800	91,800	91,650	(150)	84,600
Total operating revenues	6,899,800	6,899,800	7,203,073	303,273	6,789,312
<b>Nonoperating Revenues</b>					
Interest on investments	330,000	330,000	2,199,731	1,869,731	594,040
Tap fees	2,170,000	2,170,000	6,640,200	4,470,200	5,155,300
Inclusion fees	-	-	2,617	2,617	1,753
Proceeds from the sale of capital assets	-	-	1,500	1,500	26,819
Other nonoperating	-	-	57,967	57,967	-
Total nonoperating revenues	2,500,000	2,500,000	8,902,015	6,402,015	5,777,912
Operating transfer in	-	-	-	-	497,449
Total revenues	9,399,800	9,399,800	16,105,088	6,705,288	13,064,673
<b>Expenditures - Operating</b>					
<b>Engineering</b>					
Consulting	282,050	282,050	194,507	87,543	60,620
Wages	-	-	142,193	(142,193)	-
Payroll taxes	-	-	17,238	(17,238)	-
Retirement	-	-	2,695	(2,695)	-
Insurance, medical	-	-	14,324	(14,324)	-
Insurance, life	-	-	677	(677)	-
Workers' comp insurance	-	-	343	(343)	-
Uniforms	-	-	23	(23)	-
Dues & subscriptions	-	-	10,421	(10,421)	-
Education & training	-	-	816	(816)	-
Office supplies	-	-	699	(699)	-
Miscellaneous	-	-	384	(384)	-
Total engineering	282,050	282,050	384,320	(102,270)	60,620
<b>Pretreatment</b>					
Wages	-	-	142,992	(142,992)	65,700
Payroll taxes	-	-	6,893	(6,893)	5,898
Retirement	-	-	6,903	(6,903)	3,751
Insurance, medical	-	-	47,003	(47,003)	15,167
Insurance, life	-	-	6,258	(6,258)	360
Workers' comp insurance	-	-	3,861	(3,861)	1,691
Cell phone	-	-	-	-	255
Consulting	1,000	1,000	-	1,000	22,160
Dues & subscriptions	100	100	4,044	(3,944)	100
Education & training	-	-	820	(820)	-
Fuel	-	-	4,021	(4,021)	-
Lab testing	30,000	30,000	30,983	(983)	17,610
Miscellaneous	500	500	-	500	512
Office supplies	500	500	163	337	58
Public education	15,000	15,000	2,250	12,750	1,729
R & M, vehicles	-	-	76	(76)	600
Total pretreatment	47,100	47,100	256,267	(209,167)	135,591

**South Fort Collins Sanitation District**

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

Year Ended December 31, 2023

(With Comparative Amounts for the Year Ended December 31, 2022)

	2023				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2022 Actual
<b>Collection</b>					
Wages	\$ 497,000	\$ 497,000	\$ 385,836	\$ 111,164	\$ 314,691
On-call and overtime	58,000	58,000	28,125	29,875	21,787
Payroll taxes	44,400	44,400	36,957	7,443	24,947
Insurance, medical	85,600	85,600	46,196	39,404	46,000
Insurance, life (other)	5,000	5,000	3,024	1,976	2,785
Retirement	28,500	28,500	16,604	11,896	10,334
Workers' comp insurance	6,000	6,000	6,859	(859)	6,074
Cell phone	4,750	4,750	307	4,443	3,032
Education	7,500	7,500	6,557	943	9,727
Fuel	25,000	25,000	21,156	3,844	18,652
Miscellaneous	3,500	3,500	16,835	(13,335)	2,609
Office supplies	500	500	3,503	(3,003)	518
Utilities, lift stations	76,081	76,081	73,286	2,795	71,580
R & M, lines and lift stations	190,000	190,000	216,447	(26,447)	101,913
R & M, vehicles	15,000	15,000	15,579	(579)	8,438
Safety program	10,000	10,000	-	10,000	8,335
Supplies	3,000	3,000	-	3,000	6,553
Uniforms	3,500	3,500	1,762	1,738	2,690
Utility locates	15,000	15,000	4,980	10,020	14,350
<b>Total collection</b>	<b>1,078,331</b>	<b>1,078,331</b>	<b>884,013</b>	<b>194,318</b>	<b>675,015</b>
<b>Treatment</b>					
Wages	543,000	543,000	534,560	8,440	519,070
On-call and overtime	42,000	42,000	26,841	15,159	43,585
Payroll taxes	46,800	46,800	32,657	14,143	42,872
Insurance, medical	119,000	119,000	113,743	5,257	135,000
Insurance, life (other)	5,000	5,000	3,437	1,563	5,824
Retirement	31,000	31,000	28,154	2,846	19,744
Workers' comp insurance	11,000	11,000	9,518	1,482	10,710
Flex Benefit Fee	-	-	959	(959)	-
Biomonitoring	12,000	12,000	15,079	(3,079)	12,595
Biosolids removal	65,000	65,000	-	65,000	69,022
Chemicals	300,000	300,000	505,872	(205,872)	301,942
Dues and subscriptions	1,500	1,500	6,794	(5,294)	640
Education and training	12,000	12,000	1,632	10,368	6,530
Fuel, standby power	4,200	4,200	-	4,200	4,324
Fuel, vehicle	3,800	3,800	2,561	1,239	3,909
Janitorial services	6,400	6,400	7,197	(797)	6,158
Lab testing	40,000	40,000	84,420	(44,420)	36,493
Miscellaneous	100	100	5,193	(5,093)	43
Safety	12,000	12,000	1,447	10,553	5,815
Office supplies & rental	1,100	1,100	79,132	(78,032)	921
Permits	18,000	18,000	-	18,000	15,485
Utilities, plant	620,000	620,000	577,721	42,279	550,480
Cell phones	5,000	5,000	-	5,000	3,319
R & M, building	25,000	25,000	40,115	(15,115)	23,989
R & M, grounds	27,500	27,500	18,680	8,820	16,126
R & M, plant	63,000	63,000	184,473	(121,473)	47,812
R & M, vehicles	4,000	4,000	8,024	(4,024)	2,476
Service contracts	42,840	42,840	104,518	(61,678)	54,040
Supplies	4,500	4,500	186	4,314	9,054
Telephone	5,500	5,500	-	5,500	5,662
Trash removal	18,000	18,000	32,473	(14,473)	20,285
Uniforms	3,500	3,500	1,628	1,872	2,923
Water quality monitoring	9,000	9,000	680	8,320	5,139
Water usage	6,200	6,200	9,022	(2,822)	7,209
<b>Total treatment</b>	<b>2,107,940</b>	<b>2,107,940</b>	<b>2,436,716</b>	<b>(328,776)</b>	<b>1,989,196</b>

**South Fort Collins Sanitation District**

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

Year Ended December 31, 2023

(With Comparative Amounts for the Year Ended December 31, 2022)

	2023				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2022 Actual
<b>Office</b>					
Payroll processing	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ 5,002
Postage	28,000	28,000	58,188	(30,188)	28,401
Printing	20,000	20,000	51,112	(31,112)	18,387
Publications and notices	500	500	14,331	(13,831)	424
Customer relations	2,000	2,000	495	1,505	12,047
Bank service charges	8,500	8,500	5,909	2,591	5,968
Consulting	-	-	-	-	2,662
Wages	186,000	186,000	247,075	(61,075)	-
Payroll Taxes	14,880	14,880	16,787	(1,907)	-
Retirement	10,800	10,800	3,757	7,043	-
Medical Insurance	12,600	12,600	19,079	(6,479)	-
Other Insurance	1,300	1,300	1,147	153	-
Workers Comp Insurance	1,000	1,000	393	607	-
Dues, Subscriptions & Credit card fees	500	500	148,871	(148,371)	-
Education and training	1,000	1,000	-	1,000	-
Cell phones	1,500	1,500	-	1,500	-
Software maintenance	50,000	50,000	55,892	(5,892)	-
Office supplies	500	500	28,972	(28,472)	-
<b>Total office</b>	<b>344,080</b>	<b>344,080</b>	<b>652,008</b>	<b>(307,928)</b>	<b>72,891</b>
<b>IT and Data</b>					
Consulting	82,500	82,500	58,421	24,079	-
<b>Total IT and data</b>	<b>82,500</b>	<b>82,500</b>	<b>58,421</b>	<b>24,079</b>	<b>-</b>
<b>Human Resources</b>					
Consulting	10,000	10,000	-	10,000	-
Employee awards & recognition	4,000	4,000	2,653	1,347	94
Recruiting & onboarding	3,500	3,500	4,530	(1,030)	1,154
<b>Total human resources</b>	<b>17,500</b>	<b>17,500</b>	<b>7,183</b>	<b>10,317</b>	<b>1,248</b>
<b>Administration</b>					
Audit	26,200	26,200	26,294	(94)	28,425
Consulting	62,000	62,000	55,587	6,413	47,921
Contingency	10,000	10,000	-	10,000	3,954
Dues and subscriptions	7,000	7,000	27,253	(20,253)	4,545
Education and training	10,000	10,000	4,604	5,396	-
Insurance, liability	53,000	53,000	31,002	21,998	45,555
Insurance, property	59,100	59,100	39,855	19,245	51,452
Legal	75,000	75,000	83,398	(8,398)	50,477
Management fees, FCLWD	1,092,854	1,092,854	380,831	712,023	974,282
Miscellaneous expenses	4,000	4,000	27,597	(23,597)	1,404
Travel	500	500	4,883	(4,383)	-
Lease space	42,000	42,000	-	42,000	-
Wages	265,000	265,000	328,064	(63,064)	101,428
Payroll taxes	21,200	21,200	25,094	(3,894)	5,345
Retirement	15,000	15,000	16,685	(1,685)	3,647
Medical Insurance	32,000	32,000	36,697	(4,697)	366
Other Insurance	1,700	1,700	2,548	(848)	-
Workers' comp insurance	1,000	1,000	415	585	-
Cell Phones	1,500	1,500	19,280	(17,780)	-
Fuel	2,400	2,400	1,615	785	-
Repair and maintenance, vehicles	1,500	1,500	1,295	205	-
Office supplies	-	-	25,770	(25,770)	-
<b>Total administration</b>	<b>1,782,954</b>	<b>1,782,954</b>	<b>1,138,767</b>	<b>644,187</b>	<b>1,318,801</b>

**South Fort Collins Sanitation District**

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

Year Ended December 31, 2023

(With Comparative Amounts for the Year Ended December 31, 2022)

	2023				2022 Actual
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	
<b>Operating Capital Replacement</b>					
Collection, operating	\$ 2,075,000	\$ 2,075,000	724,251	\$ 1,350,749	\$ 442,984
Treatment, operating	2,689,000	2,689,000	193,678	2,495,322	51,971
Pretreatment	25,000	25,000	5,474	19,526	-
Business office	37,000	37,000	-	-	-
Administration	10,000	10,000	97,294	-	-
Total operating capital replacement	4,836,000	4,836,000	1,020,697	3,865,597	494,955
Total operating expenses	10,578,455	10,578,455	6,838,392	3,790,357	4,748,317
<b>Capital Expenditures - Nonoperating</b>					
Collection	250,000	250,000	-	250,000	-
Treatment	1,825,000	1,825,000	-	1,825,000	190,466
Total nonoperating expenditures	2,075,000	2,075,000	-	2,075,000	190,466
Enterprise (loss) income	(3,253,655)	(3,253,655)	9,266,696	12,520,351	8,125,890
<b>Governmental Function</b>					
<b>Revenues</b>					
Property taxes	483,970	483,970	523,019	39,049	526,081
<b>Expenditures</b>					
Collection fees	9,100	9,100	-	9,100	9,751
Directors fees	12,000	12,000	6,760	5,240	6,100
Directors payroll taxes	12,000	12,000	-	12,000	479
Directors expenses	960	960	13,274	(12,314)	12,302
Operating transfer out	-	-	-	-	497,449
Total expenditures	34,060	34,060	20,034	14,026	526,081
Excess revenues over expenditures	449,910	449,910	502,985	25,023	-
(Deficiency) excess of budgetary revenues over budgetary expenditures	\$ (2,803,745)	\$ (2,803,745)	\$ 9,769,681	\$ 12,545,374	\$ 8,125,890