

**UPPER BLUE SANITATION DISTRICT
BRECKENRIDGE, COLORADO**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

**UPPER BLUE SANITATION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

TABLE OF CONTENTS

INTRODUCTORY SECTION	PAGE
Title Page	
Table of Contents	
Roster of Officials	
 FINANCIAL SECTION	
Management's Discussion and Analysis	i - viii
Independent Auditors' Report	1 - 3
 BASIC FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Fund Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 18
 OTHER SUPPLEMENTARY INFORMATION	
<u>Proprietary Funds</u>	
Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual	19 - 20

**UPPER BLUE SANITATION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

ROSTER OF OFFICIALS

BOARD OF DIRECTORS

Allyn Mosher – Board President
Jason Hart – Board Vice President
Signe Stimson – Board Secretary/Treasurer
Rick Orwig – Member
Robin Theobald – Member

KEY EMPLOYEES

Andrew Carlberg – District Manager
Marjorie Covey – Administrative Manager
Earl Picard – Chief Plant Operator
Wally Esquibel – Collection System Foreman

INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

UPPER BLUE SANITATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Required Supplementary Information (RSI) December 31, 2021

The discussion and analysis of the Upper Blue Sanitation District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the District's financial performance.

Financial Highlights

The District offers sanitary sewer services to the Town of Breckenridge and surrounding areas. The District's assets exceeded its liabilities at the close of 2021 by \$106,510,149 (*net position*), which is an increase of \$3,251,654 from the prior year. Of this amount \$39,758,503 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.

The District's policy is not to impose property taxes. The District may have large fund balances from time-to-time, but those funds are allocated to new capital projects and replacement capital projects. Those capital projects are identified in the District's ten-year financial master plan.

The District had total revenues of \$10,076,636 in 2021 versus 2020 revenues of \$8,747,855. There was an increase in 2021 revenues in the amount of \$1,328,781. The main increase from 2020 was due to an increase in Plant Investment Fees in the amount of \$1,234,339.

In 2021, there was operating income from operations in the amount of \$6,569,841 and other income in the amount of \$3,506,795. The District's total operating revenues increased in 2021 by \$235,097 from 2020. The main increase in 2021 operating revenue was the increase in Sewer User Charges in the amount of \$88,585 and Line Extension Fees in the amount of \$66,246. Investment Earnings decreased in 2021 by \$148,603 from 2020. In 2020, there was operating income from operations in the amount of \$6,334,744 and other income in the amount of \$2,413,111. Capital contributions from Plant Investment Fees in the amount of \$3,400,959 for 2021 and \$2,166,620 for 2020.

Using the Basic Financial Statements

The Basic Financial Statements consists of Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements, The Statement of Net Position and The Statement of Activities are government-wide financial statements. Both provide long and short-term information about the District's overall financial status.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during 2021. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending.

The District has the following governmental funds:

The District operates as a proprietary fund. Proprietary Fund statements offer short and long-term financial information about the activities that the District operates as a business enterprise.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private businesses. The Statement of Net Position includes all the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it may have changed. The change in net position is important because it shows the reader whether, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and state or federal required programs.

In the Statement of Net Position and the Statement of Activities, the District's proprietary fund is shown as a business-type activity.

Business-Type Activities:

The District's business-type activities consist of its sewer operations. The District provides sanitary sewer services using owned facilities throughout its service area. The District's sewer operations are supported primarily by charges for sewer services and by system expansion and plant investment fees.

Financial Analysis of the District as a Whole

Net Position increased in 2021 by \$3,251,654 to \$106,510,149 and in 2020 by \$2,150,487 to \$103,258,495. This was the result of an increase in current assets in the amount of \$3,767,906 in 2021.

Cash, Cash equivalents and investments of the District at December 31, 2021 totaled \$40,064,805, which represents 36.96% of the District's total assets, and at December 31, 2020 Cash, Cash equivalents and investments totaled \$36,485,194 which represents 34.71% of the District's total assets.

The District's Capital assets, net of accumulated depreciation, at December 31, 2021 totaled \$66,474,094, which represents 61.33% of the District's total assets as of December 31, 2021; and at December 31, 2020 Capital assets, net of accumulated depreciation totaled \$67,007,110, which represents 63.75% of the District's total assets as of December 31, 2020.

Net Position

A summary of District's net position at December 31, 2021 is as follows:

Condensed Statement of Net Position

	Condensed Statement of Net Position	
	2021	2020
Current Assets	\$ 41,779,690	\$ 38,011,784
Non Current Assets		
Capital Assets - Net	66,446,494	67,007,110
Other	132,717	88,107
Total Assets	<u>108,358,901</u>	<u>105,107,001</u>
Current Liabilities	1,017,118	884,095
Non Current Liabilities - Loan Payable	859,234	964,411
Total Liabilities	<u>1,876,352</u>	<u>1,848,506</u>
Net Position		
Net Investment in Capital Assets	65,482,083	65,939,594
Restricted	1,250,000	1,158,000
Unrestricted	39,750,466	36,160,901
Total Net Position	<u>\$ 106,482,549</u>	<u>\$ 103,258,495</u>

The following summarizes the District's change in net position during the year:

Condensed Statement of Activities		
	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 6,569,841	\$ 6,334,744
Capital Grants and Contributions	<u>3,492,202</u>	<u>2,249,915</u>
Total Program Revenues	10,062,043	8,584,659
General Revenues		
Investment Earnings	<u>14,593</u>	<u>163,196</u>
Total Revenues	10,076,636	8,747,855
Expenses		
Wastewater Operations	<u>6,852,582</u>	<u>6,597,368</u>
Change in Net Position	3,224,054	2,150,487
Net Position, Beginning	<u>103,258,495</u>	<u>101,108,008</u>
Net Position, Ending	<u>\$ 106,482,549</u>	<u>\$ 103,258,495</u>

Reporting the District's Most Significant Funds

The analysis of the District's major fund immediately follows the government-wide statements. Fund financial reports provide detailed information about the District's major fund. The District's major fund is its Proprietary Fund.

Net operating income for 2021, before depreciation, was approximately \$73,006 more than 2020 operating income. The increase in operating income in 2021 was due to an increase in the 2021 operating revenue in the amount of \$88,585. The net operating income for 2020, before depreciation was approximately \$610,368 more than 2019 operating income.

Non-operating revenues and Capital Contributions for 2021 were approximately \$3,486,817 more than 2020. This was a result of an increase in Capital Contributions in the amount of \$3,400,959. Non-operating revenues and Capital Contributions for 2020 were approximately \$604,510 less than 2019.

The District's policy is not to impose property taxes. The District may have large fund balances from time-to-time, but those funds are allocated to new capital projects and replacement capital projects. Those capital projects are identified in the District's ten-year financial master plan.

Budget and Actual Comparisons

Actual revenues exceeded budgeted revenues by \$2,127,184 in 2021. Actual revenues were less than budgeted revenues by \$101,145 in 2020. Plant Investment Fees exceeded the budgeted amount by \$2,200,959 in 2021. Plant Investment Fees exceeded the budgeted amount by \$166,620 in 2020.

Actual expenditures were \$4,296,065 less than budgeted in 2021 and \$4,508,726 less than budgeted in 2020. Significant variations to budget are as follows:

- Administrative expenses were \$288,646 less than budgeted in 2021 and \$331,260 less than budgeted in 2020.
- Plant expenses were \$273,701 less than budgeted in 2021 mainly due to Iowa Hill and Farmers Korner utilities, Farmers Korner equipment repair, and Farmers Korner sludge hauling expenses being less than budgeted. For 2020 plant expenses were \$368,747 less than budgeted mainly due to Iowa Hill, Farmers Korner and South Blue utilities, Iowa Hill equipment repair, and Farmers Korner sludge hauling expenses being less than budgeted.
- Replacement capital expenditures were \$1,698,508 less than budgeted in 2021 and \$1,675,818 less than budgeted in 2020.
- Capital outlay for 2021 was \$2,020,683 less than budgeted and \$2,070,451 less than budgeted in 2020. See discussion below.

Capital Assets

Replacement Capital

In Collections, repairs and line replacement projects were undertaken to help address infiltration and inflow problems. Ongoing line cleaning/TV main sewer lines and the Boom truck was rebuilt.

At the Farmers Korner plant, the District replaced the north plant lighting, non-potable water lines, polymer and moyno pumps, raw wastewater drain line, filter media, instrumentation control systems and resealed the asphalt.

New Capital

In Collections, the District did some miscellaneous line extensions.

At Farmers Korner the District added alum tank modifications.

At the Iowa Hill plant the District engineered for nutrient removal and added temperature monitoring station.

The District depreciates its capital assets. See Note 1 of Notes to Financial Statements-summary of Significant Account Policies-Capital Assets on page 7 and Note 4 of Notes to Financial Statements-Capital Assets on page 13.

The following is a summary of capital asset activity:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Capital Assets Not Being Depreciated:				
Land and Easements	\$ 966,863	\$ -	\$ -	\$ 966,863
Capital Assets Being Depreciated:				
Buildings	164,045	-	-	164,045
Treatment Plants	81,089,189	563,061	-	81,652,250
Upper Blue River System	9,294,559	26,432	-	9,320,991
Sewer Lines and Mains	18,460,508	609,136	-	19,069,644
Equipment and Vehicles	2,420,527	17,017	-	2,437,544
Employee Housing	1,403,596	995,379	-	2,398,975
Total Capital Assets Being Depreciated	<u>112,832,424</u>	<u>2,211,025</u>	<u>-</u>	<u>115,043,449</u>
Accumulated Depreciation:				
Buildings	(34,033)	(6,366)	-	(40,399)
Treatment Plants	(32,917,182)	(1,955,533)	-	(34,872,715)
Upper Blue River System	(2,708,489)	(196,692)	-	(2,905,181)
Sewer Lines and Mains	(8,566,074)	(473,018)	-	(9,039,092)
Equipment and Vehicles	(2,105,996)	(92,510)	-	(2,198,507)
Employee Housing	(460,403)	(47,521)	-	(507,924)
Total Accumulated Depreciation	<u>(46,792,177)</u>	<u>(2,771,640)</u>	<u>-</u>	<u>(49,563,818)</u>
Capital Assets Being Depreciated, net	66,040,247	(560,615)	-	65,479,631
Total Capital Assets	<u>\$ 67,007,110</u>	<u>\$ (560,615)</u>	<u>\$ -</u>	<u>\$ 66,446,494</u>

Long-Term Debt

A principal payment of \$103,105 was made during 2021 and \$101,073 during 2020 on the CWRPDA note along with \$19,978 in 2021 and \$22,027 in 2020 in interest.

	Balance 12/31/2020	Advances	Payments	Balance 12/31/2021	Due Within One Year	Interest Expense
Notes Payable:						
2010 CWRPDA	\$ 1,067,516	\$ -	\$ 103,105	\$ 964,411	\$ 105,177	\$ 19,978

In July 2018, the District entered into a software and equipment lease agreement. The lease requires 36 monthly payments of \$1,625 commencing December 1, 2018. The lease has been calculated at a 5.00% interest rate.

The Future of the District

New water quality regulations in the State of Colorado could require the District to modify the treatment plants within five to eight years. The new regulations could require capital treatment additions which could cost the District approximately 40 million dollars. The District has reserved funds in the ten-year master plan for the new water quality regulations.

Request for Information

The financial report is designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the District's finances. Questions concerning this or any additional information should be addressed to Andrew Carlberg, District Manager, Upper Blue Sanitation District, PO Box 1216, 1605 Airport Road, Breckenridge, CO 80424-1216.

FINANCIAL SECTION

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

INDEPENDENT AUDITORS' REPORT

Board of Directors
Upper Blue Sanitation District
Breckenridge, Colorado

Opinion

We have audited the accompanying financial statements of Upper Blue Sanitation District, as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively comprise Upper Blue Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Upper Blue Sanitation District as of December 31, 2021, and the respective changes in financial position and cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Upper Blue Sanitation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 these 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 the 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 Upper Blue Sanitation 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' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 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 Upper Blue Sanitation District 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 Upper Blue Sanitation 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.

Report on Summarized Comparative Information

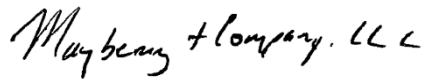
We have previously audited the Upper Blue Sanitation District's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Blue Sanitation District's basic financial statements. The individual fund financial statement 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Englewood, Colorado
June 15, 2022

BASIC FINANCIAL STATEMENTS

UPPER BLUE SANITATION DISTRICT
Breckenridge, Colorado

STATEMENT OF NET POSITION
December 31, 2021
(With Comparative Totals for December 31, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Equivalents	\$ 15,520,456	\$ 16,949,838
Investments	24,544,349	19,535,356
Accounts Receivable	60,569	55,617
Accrued Interest Receivable	138	138
Prepaid Expenses	173,205	175,591
Restricted Cash & Investments	1,480,973	1,295,244
Total Current Assets	<u>41,779,690</u>	<u>38,011,784</u>
Noncurrent Assets		
Capital Assets, not being depreciated	966,863	966,863
Capital Assets, being depreciated (net)	65,479,631	66,040,247
Notes and Other Receivables	132,717	88,107
Total Noncurrent Assets	<u>66,579,211</u>	<u>67,095,217</u>
Total Assets	<u>108,358,901</u>	<u>105,107,001</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	437,393	371,986
Retainage Payable	-	30,000
Unearned Revenue	66,606	64,829
Accrued Compensated Absences	167,182	166,285
Accrued Interest Payable	8,037	8,896
Deposits and Escrow Balances	1,750	1,750
Deposits and Escrow Balances - Restricted Resources	230,973	137,244
Current Portion - Notes Payable	105,177	103,105
Total Current Liabilities	<u>1,017,118</u>	<u>884,095</u>
Noncurrent Notes Payable	859,234	964,411
Total Liabilities	<u>1,876,352</u>	<u>1,848,506</u>
NET POSITION		
Net Investment in Capital Assets	65,482,083	65,939,594
Restricted:		
For Operations and Maintenance Reserve	1,250,000	1,158,000
Unrestricted	39,750,466	36,160,901
Total Net Position	<u>\$ 106,482,549</u>	<u>\$ 103,258,495</u>

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

UPPER BLUE SANITATION DISTRICT
Breckenridge, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
User Charges	\$ 6,297,404	\$ 6,208,819
Inspection Fees	6,394	6,000
Line Extension Fees	148,452	82,206
Rental Income	56,405	51,200
Other Charges	<u>61,186</u>	<u>(13,481)</u>
Total Operating Revenues	<u>6,569,841</u>	<u>6,334,744</u>
OPERATING EXPENSES		
Administrative	2,364,447	2,270,128
Operating - Iowa Hill	121,254	103,457
Operating - Farmers Korner	1,294,548	1,311,049
Operating - South Blue	63,597	51,846
Operating - Collection System	212,333	162,393
Noncapitalized Capital Outlay	4,785	-
Depreciation Expense	<u>2,771,640</u>	<u>2,676,468</u>
Total Operating Expenses	<u>6,832,604</u>	<u>6,575,341</u>
Income (Loss) from Operations	<u>(262,763)</u>	<u>(240,597)</u>
NONOPERATING INCOME (EXPENSE)		
Investment Earnings	14,593	163,196
Inclusion Fees	91,243	83,295
Interest Expense	<u>(19,978)</u>	<u>(22,027)</u>
Total Nonoperating Income (Expense)	<u>85,858</u>	<u>224,464</u>
CAPITAL CONTRIBUTIONS		
Plant Investment Fees	<u>3,400,959</u>	<u>2,166,620</u>
Change in Net Position	3,224,054	2,150,487
NET POSITION, Beginning	<u>103,258,495</u>	<u>101,108,008</u>
NET POSITION, Ending	<u>\$ 106,482,549</u>	<u>\$ 103,258,495</u>

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

UPPER BLUE SANITATION DISTRICT
Breckenridge, Colorado

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash Receipts from Customers	\$ 6,660,395	\$ 6,363,318
Cash Payments to Suppliers	(2,168,961)	(2,129,603)
Cash Payments to Employees	(1,823,313)	(1,744,351)
Net Cash Flows from Operating Activities	<u>2,668,121</u>	<u>2,489,364</u>
Cash Flows from Capital and Related Financing Activities:		
Plant Investment Fees	3,400,959	2,166,620
Inclusion Fees	91,243	83,295
Acquisition and Construction of Capital Assets	(2,241,025)	(1,672,559)
Principal Paid on Loans	(103,105)	(101,073)
Change in O & M Reserve	(92,000)	7,000
Interest Paid on Loans	(20,837)	(22,869)
Net Cash Flows from Capital and Related Financing Activities	<u>1,035,235</u>	<u>460,414</u>
Cash Flows from Investing Activities:		
Proceeds from Sale (Purchases) of Investments - net	(5,102,721)	(130,659)
Payments (Advances) on Notes Receivable - net	(44,610)	31,916
Investment Earnings	14,593	173,343
Net Cash Flows from Investing Activities	<u>(5,132,738)</u>	<u>74,600</u>
Net Increase (Decrease) in Cash and Equivalents	(1,429,382)	3,024,378
CASH AND EQUIVALENTS, Beginning	<u>16,949,838</u>	<u>13,925,460</u>
CASH AND EQUIVALENTS, Ending	<u><u>\$ 15,520,456</u></u>	<u><u>\$16,949,838</u></u>
Reconciliation of Income (Loss) from Operations to Net		
Cash Flows from Operations:		
Income (Loss) from Operations	\$ (262,763)	\$ (240,597)
Adjustments required to reconcile operating income (loss) to net cash flows from operations		
Depreciation	2,771,640	2,676,468
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(4,952)	23,452
(Increase) Decrease in Prepaid Expenses	2,386	5,120
Increase (Decrease) in Accounts Payable	65,407	(2,478)
Increase (Decrease) in Unearned Revenue	1,777	5,012
Increase (Decrease) in Accrued Compensated Absences	897	22,277
Increase (Decrease) in Deposits and Escrow Balances	93,729	110
Total Adjustments	<u>2,930,884</u>	<u>2,729,961</u>
Net Cash Flows from Operating Activities	<u><u>\$ 2,668,121</u></u>	<u><u>\$ 2,489,364</u></u>

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

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Upper Blue Sanitation District (the District) is a Colorado governmental unit operating in accordance with Colorado statute. The District was established to provide sewer treatment services to properties located within its boundaries. The significant accounting policies utilized are detailed below.

Financial Reporting Entity

Pursuant to the GASB Codification, the District applies the criteria outlined commencing at Section 2100.119, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents, and the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units.

The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to: fiscal dependency, imposition of will, legal standing, and the primary recipient of services. Based on these criteria, the District has no includable component units. The District is also not included in the financial statements of any other entity.

Basis of Accounting

Enterprise fund accounting is utilized in accordance with accounting principles generally accepted in the United States of America. Enterprise funds recognize revenues and expenses on the accrual basis of accounting where revenues are recorded when earned and expenses are recorded when incurred.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District follows the provisions of Governmental Accounting Standards Board (*GASB Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments. Statement No. 34* establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Equivalents

For purposes of the statement of cash flows, the District treats all demand and money market bank accounts as cash and equivalents.

Investments

The District records investments at fair value. Gains or losses on the sale of investments are recognized when the investment is sold.

Capital Assets

Assets are stated at cost; developers cost or estimated fair market value at the time of dedication. The capitalization threshold for capital assets is \$5,000. Depreciation is computed using the straight-line method over the asset's estimated useful life ranging from five to fifty years. Depreciation begins in the year following completion for assets under construction.

Comparative Information

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. This information may have been reclassified from its original presentation for comparative purposes.

Budgets

Each fall the Board of Directors adopts a budget and appropriates funds for the following calendar year. Unused appropriations lapse at year-end.

An amendment to budget through supplemental appropriation is subject to approval of the Board of Directors at a public hearing and the filing of the approved supplemental appropriation with the State of Colorado. There were no budget amendments in 2021.

The basis of these budgets is non-GAAP, in that revenues and expenditures are budgeted on the modified accrual basis of accounting. This budgetary basis includes plant investment fees as revenues (contributed capital for GAAP), and expenditures include loan principal paid and capital outlay, but exclude depreciation.

Compensated Absences

The District allows employees to accumulate unused vacation, sick leave and compensatory time up to specified maximum limits. The District accrues such benefits in the period in which they are earned.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the period. Actual results could differ from those estimates.

Equity

Equity is classified as net position and displayed in three components:

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets". This net position is available for future operations or distributions.

It is the District's policy to fund operations through the most restricted available equity first.

NOTE 2: CASH AND INVESTMENTS

Cash deposits and investments are comprised of and are allocated on the December 31, 2021 statement of net position as follows:

Cash Deposits and On Hand	\$ 17,001,429
Investments	<u>24,544,349</u>
Total Cash and Investments	<u>\$ 41,545,778</u>
Cash and Equivalents	\$ 15,520,456
Investments	24,544,349
Restricted Cash and Investments	<u>1,480,973</u>
Total Cash and Investments	<u>\$ 41,545,778</u>

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

CASH DEPOSITS

At December 31, 2021, the District's cash deposits had bank and carrying balances as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not in the District's Name)	17,030,885	16,751,229
Petty Cash	-	200
Total Cash Balances	<u>\$ 17,280,885</u>	<u>\$ 17,001,429</u>

Custodial Credit Risk – Deposits

Deposits are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), If they are not covered by depository insurance and are collateralized with securities held by the pledging financial Institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (e.g. deposits insured by The Public Deposit Protection Act, (PDPA)). Accordingly, none of the District’s deposits at December 31, 2021, are deemed to be exposed to custodial credit risk.

INVESTMENTS

Credit Risk

Eligible investments shall conform to state law and may include any of the following:

- Obligations of the United States and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptance of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

Credit Risk (Continued)

At December 31, 2021, the District had invested in the Colorado Local Government Liquid, Asset Trust (COLOTRUST), a local government investment pool. As an Investment pool, COLOTRUST operates under the Colorado Revised Statutes (2476-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST invests in securities that are specified by the Colorado Revised Statutes (2475-601). Authorized securities included US Treasuries, US Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). COLOTRUST operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. COLOTRUST is rated AAA by the Standard & Poor's Corporation. A designated custodial bank provides banking services and trust custody for securities held on behalf of the participating governments in COLOTRUST. The custodian's internal records identify the investments owned by the participating governments. This investment is reported at amortized cost which approximates fair value.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptance of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to decline in fair value due to rising interest rates, the District's investment policy requires that the majority of its investments have a maturity date of 1 year or less.

Concentration of Credit Risk

Investments must be in accordance with Colorado statutes. The District has placed limits on the maximum percentage of various instruments in the portfolio based on type ranging from 50% to 100% of the total portfolio. Investments in any one financial institution generally may not exceed 50% of the District's portfolio unless the investments are obligations of the United States Government.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments for the operations and maintenance reserve for 2021 represent an amount equal to three months of subsequent year's budgeted operating expenses as required by the 2010 loan agreements with the Colorado Water Resources and Power Development Authority (CWRPDA) (see Note 5). These monies, per agreement with CWRPDA, can be used for emergency operating purposes, if necessary. The District has also restricted funds it has on deposit in escrow per developer agreements. The amount held in construction retainage escrow ultimately belongs to the contractor and a retainage payable account has been established to offset this amount.

Developer Escrow Balances	\$ 230,973
CWRPDA O&M Reserves	<u>1,250,000</u>
Total Restricted Cash and Investments	<u>\$ 1,480,973</u>

NOTE 3: NOTES RECEIVABLE

The District provides financing related to new system connections. The property owner must sign a promissory note for the amount of the financed fees. The promissory notes generally require 32 quarterly payments and can be prepaid at any time and bear interest at 5.25%. The District had 7 outstanding notes with a value of \$103,176 at year end and recognized \$4,804 of interest on the notes. There was \$3,257 of outstanding required loan payments at year-end. The District has not recorded an allowance against the outstanding balance.

District Employee Housing Assistance

During 2019, the District entered into a note receivable agreement with an employee in the amount of \$30,000. The note bears interest at 3% per annum and requires 240 monthly payments of \$166.38 commencing in August 2021 with the note maturing in August 2041. The outstanding note had a value of \$29,541 at year end and recognized \$373 of interest on the note. The District has not recorded an allowance against the outstanding balance.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 4: CAPITAL ASSETS

Summaries of changes to capital assets for 2021 are as follows:

	<u>Balance 12/31/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/21</u>
Capital Assets Not Being Depreciated:				
Land and Easements	\$ 966,863	\$ -	\$ -	\$ 966,863
Capital Assets Being Depreciated:				
Buildings	164,045	-	-	164,045
Treatment Plants	81,089,189	563,061	-	81,652,250
Upper Blue River System	9,294,559	26,432	-	9,320,991
Sewer Lines and Mains	18,460,508	609,136	-	19,069,644
Equipment and Vehicles	2,420,527	17,017	-	2,437,544
Employee Housing	<u>1,403,596</u>	<u>995,379</u>	-	<u>2,398,975</u>
Total Capital Assets Being Depreciated	<u>112,832,424</u>	<u>2,211,025</u>	-	<u>115,043,449</u>
Accumulated Depreciation:				
Buildings	(34,033)	(6,366)	-	(40,399)
Treatment Plants	(32,917,182)	(1,955,533)	-	(34,872,715)
Upper Blue River System	(2,708,489)	(196,692)	-	(2,905,181)
Sewer Lines and Mains	(8,566,074)	(473,018)	-	(9,039,092)
Equipment and Vehicles	(2,105,996)	(92,510)	-	(2,198,507)
Employee Housing	<u>(460,403)</u>	<u>(47,521)</u>	-	<u>(507,924)</u>
Total Accumulated Depreciation	<u>(46,792,177)</u>	<u>(2,771,640)</u>	-	<u>(49,563,818)</u>
Capital Assets Being Depreciated, net	<u>66,040,247</u>	<u>(560,615)</u>	-	<u>65,479,631</u>
Total Capital Assets	<u>\$ 67,007,110</u>	<u>\$ (560,615)</u>	<u>\$ -</u>	<u>\$ 66,446,494</u>

Depreciation expense for the year ended December 31, 2021 was \$2,771,640

NOTE 5: COMMITMENTS AND CONTIGENCIES

Prepaid Plant Investment Fees

The District has received prepaid plant investment fees for approximately 55 single-family equivalent plant investment connections. The District is not required to repay the fees but is required to provide service without additional cash payment from the property owners. During the 2018 fiscal year, the District converted 10.73 prepaid connections to active connections. There are 44.27 prepaid single-family equivalent connections remaining.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 5: COMMITMENTS AND CONTIGENCIES (Continued)

Summit County Fee Credit

The District received a water right decree in 1997 that contained various provisions and a stipulation that Summit County could reopen the decree upon the occurrence of certain events. In July 2015, the District entered into an agreement granting the County \$1,000,000 in credits towards future Inclusion Fees and Plant Investment Fees assessed by the District for County-sponsored or supported public or public/private projects within Summit County in exchange for an agreement from the County to never exercise its right to reopen the decree. The County utilized \$528,810 in April 2016 and has remaining credit of \$471,190 as of December 31, 2021.

Town of Breckenridge Fee Credit

The District received a water right decree in 1997 that contained various provisions and a stipulation that the Town of Breckenridge could reopen the decree upon the occurrence of certain events. In July 2018, the District entered into an agreement granting the Town \$970,000 in credits towards future Inclusion Fees and Plant Investment Fees assessed by the District for Town-sponsored or supported public or public/private projects within the Town in exchange for an agreement from the Town to never exercise its right to reopen the decree. The Town utilized \$500,429 in December 2019 and has remaining credit of \$469,571 as of December 31, 2021.

TABOR Amendment

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes, after consultation with legal counsel, it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including interpretation of qualification as an Enterprise will require judicial interpretation.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 6: LONG TERM DEBT

The following is an analysis of changes in long-term debt:

	<u>Balance 12/31/2020</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance 12/31/2021</u>	<u>Current Portion</u>	<u>Interest Expense</u>
Notes Payable:						
2010 CWRPDA	\$ 1,067,516	\$ -	\$ 103,105	\$ 964,411	\$ 105,177	\$ 19,978

The District has one outstanding loan with the Colorado Water Resources and Power Development Authority. In 2010, the District entered into a loan agreement to complete the Farmers Korner facility expansion. The loan contains various covenants and a revenue pledge.

Among the covenants are rate maintenance provisions, operations and maintenance reserve requirements ***and provisions against providing free service or capacity to any person, firm, corporation, public agency or instrumentality.***

The 2010 loan requires semiannual payments through February 2030 with interest at an effective rate of approximately 2 percent. The District has the option to repay the loan in whole or in part upon prior written notice.

The District has pledged the revenue from the operation and use of the wastewater treatment facilities and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the above loans. The loan agreements contain restrictive covenants and requirements, including a rate covenant (See Note 9) and maintenance of a three-month operating reserve for the 2010 loan (See Note 2). The District was in compliance with the covenants and requirements of the loan agreements at December 31, 2021.

A schedule of future loan payments is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 105,177	\$ 18,765	\$ 123,942
2023	107,291	16,651	123,942
2024	109,448	14,494	123,942
2025	111,648	12,294	123,942
2026	113,892	10,050	123,942
2027-2030	<u>416,955</u>	<u>16,844</u>	<u>433,799</u>
Totals	<u>\$ 964,411</u>	<u>\$ 89,098</u>	<u>\$ 1,053,509</u>

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 7: BENEFIT PLANS

Money Purchase Pension Plan – Defined Contribution

The District maintains an Internal Revenue Code Section 401(a) money purchase plan for all full-time employees. The assets of this plan are not reflected in the financial statements because they are not subject to any creditors of the District.

This plan is a single employer, defined contribution pension plan. The District contributes 5 percent of each participating employee's salary. Total contributions (including application of forfeitures) were \$61,593, \$58,536, and \$57,882, for 2021, 2020 and 2019, respectively.

Covered and total payroll for 2021, 2020 and 2019 was \$1,231,860, \$1,170,720, and \$1,157,640, respectively. Employer contributions vest at a rate of 20% per year of service with employees fully vested after five years.

Beginning in 2011, the District contributes an additional 2.5% of each employee's salary into the 401 (a) based upon their optional contribution to the District's 457 plan. In 2021, the total employee contributions were \$101,712 with the District matching \$28,574.

District contributions for plan members who leave employment before they are fully vested are used to reduce the District's current period contribution requirement. There is no liability for benefits under the plan beyond the District's matching payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 8: RECONCILIATION OF PROPRIETARY (GAAP) REVENUES AND EXPENSES TO BUDGETARY REVENUES AND EXPENDITURES

The District prepares its budget annually. The following reconciliation is presented to reconcile the annual budgeted revenues and expenditures to the GAAP basis financial statements.

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis	\$ 10,076,636	\$ 6,425,071
GAAP Basis Adjustments		
Capital Replacement	-	(1,046,492)
Capital Outlay	-	(1,194,532)
Debt Service Principal	-	(103,105)
Depreciation Expense	-	2,771,640
GAAP Basis	<u>\$ 10,076,636</u>	<u>\$ 6,852,582</u>

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**UPPER BLUE SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021

NOTE 10: RATE MAINTENANCE

The 2010 Colorado Water Resources and Power Development Authority loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due.

Operating revenues	\$ 6,569,841
Other revenue	105,836
Capital contributions	<u>3,400,959</u>
Total revenue	<u>10,076,636</u>
Operating expenses	(6,832,604)
Less: Depreciation	<u>2,771,640</u>
Adjusted operating expenses	<u>(4,060,964)</u>
Net revenue	<u>6,015,672</u>
Total debt service	
2010 CWRPDA	123,942
Required rate	<u>110%</u>
Net revenue required	<u>136,337</u>
Excess (deficit)	<u>\$ 5,879,335</u>

NOTE 11: FUTURE USES OF NET POSITION

Through the adoption of the 2022 budget, the District has appropriated \$12,651,622 of net position available at December 31, 2021 to fund fiscal year 2022 operations.

In addition, the District has set aside funds as of December 31, 2021 to fund future plant improvements that are anticipated to address pending nutrient standards. As included in the 2013 Master Plan, the District set aside \$2,000,000 of net position each year from 2012 through 2021 to ensure that adequate reserves are available to meet these projected costs. As of 2021, the capital outlay reserve set-aside totaled \$20,000,000, with \$8,000,000 of these expenditures budgeted to occur during 2022 and included in the 2022 appropriation above.

As these amounts are internally allocated, they do not meet the requirements to be shown as restricted net position on the Statement of Net Position.

OTHER SUPPLEMENTARY INFORMATION

UPPER BLUE SANITATION DISTRICT

Breckenridge, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN NET POSITION - BUDGET AND ACTUAL

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021			2020 Actual
	Final Budget	Actual	Variance Pos (Neg)	
REVENUES				
User Charges	\$ 6,487,452	\$ 6,297,404	\$ (190,048)	\$ 6,208,819
Inspection Fees	4,000	6,394	2,394	6,000
Inclusion Fees	50,000	91,243	41,243	83,295
Line Extension Fees	50,000	148,452	98,452	82,206
Other Charges	29,000	61,186	32,186	(13,481)
Investment Earnings	79,000	14,593	(64,407)	163,196
Plant Investment Fees	1,200,000	3,400,959	2,200,959	2,166,620
Rental Income	50,000	56,405	6,405	51,200
Total Revenues	7,949,452	10,076,636	2,127,184	8,747,855
EXPENDITURES				
Administrative				
Personnel Services	2,045,593	1,824,210	221,383	1,766,628
Office Administration	173,500	183,618	(10,118)	181,058
Legal and Other Professional	185,500	128,467	57,033	100,476
Board Expenses	6,000	6,000	-	9,856
Insurance	164,000	135,356	28,644	131,295
Building Maintenance	20,000	36,348	(16,348)	35,822
Employee Housing	18,000	8,896	9,104	12,686
Other Administrative Expenses	40,500	41,552	(1,052)	32,306
Total Administrative	2,653,093	2,364,447	288,646	2,270,127
Operating - Iowa Hill				
Utilities	65,000	23,556	41,444	29,667
Repairs	80,000	58,437	21,563	38,702
Chemicals and Other Supplies	45,000	27,341	17,659	24,033
Biomonitoring	5,000	1,502	3,498	1,945
Permits & Fees	8,000	9,386	(1,386)	7,529
Other Operating Expenses	3,000	1,032	1,968	1,581
Total Operating - Iowa Hill	206,000	121,254	84,746	103,457
Operating - Farmers Korner				
Utilities	545,000	516,874	28,126	408,815
Repairs	165,000	116,079	48,921	147,856
Chemicals and Other Supplies	435,500	443,037	(7,537)	492,864
Biomonitoring	7,800	1,685	6,115	3,211
Permits & Fees	32,500	15,843	16,657	15,784
Sludge Hauling & Land Application	205,000	166,433	38,567	174,792
Site Monitoring	23,000	8,397	14,603	13,961
Other Operating Expenses	60,000	26,200	33,800	53,766
Total Operating - Farmers Korner	1,473,800	1,294,548	179,252	1,311,049

See the accompanying Independent Auditors' Report
(Continued)

UPPER BLUE SANITATION DISTRICT

Breckenridge, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN NET POSITION - BUDGET AND ACTUAL

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

(Continued)

	2021			2020 Actual
	Final Budget	Actual	Variance Pos (Neg)	
EXPENDITURES (continued)				
Operating - South Blue				
Utilities	48,000	41,888	6,112	37,874
Repairs	2,500	7,951	(5,451)	988
Chemicals and Other Supplies	1,000	462	538	287
Permits & Fees	3,800	976	2,824	976
Site Monitoring	10,000	6,976	3,024	9,592
Other Operating Expenses	8,000	5,344	2,656	2,130
Total Operating - South Blue	<u>73,300</u>	<u>63,597</u>	<u>9,703</u>	<u>51,847</u>
Operating - Collection System				
Utilities	16,000	13,851	2,149	13,482
Repairs	160,000	159,837	163	116,226
Inspection Expenses	5,000	2,454	2,546	1,525
Other Operating Expenses	45,000	36,191	8,809	31,160
Total Operating - Collection System	<u>226,000</u>	<u>212,333</u>	<u>13,667</u>	<u>162,393</u>
Capital Replacement	<u>2,745,000</u>	<u>1,046,492</u>	<u>1,698,508</u>	<u>767,182</u>
Capital Outlay	<u>3,220,000</u>	<u>1,199,317</u>	<u>2,020,683</u>	<u>904,549</u>
Debt Service				
Debt Service Principal	97,130	103,105	(5,975)	101,073
Interest Expense	26,813	19,978	6,835	22,027
Total Debt Service	<u>123,943</u>	<u>123,083</u>	<u>860</u>	<u>123,100</u>
Total Expenses	<u>10,721,136</u>	<u>6,425,071</u>	<u>4,296,065</u>	<u>5,693,704</u>
Change in Net Position - Budget Basis	<u>\$ (2,771,684)</u>	<u>3,651,565</u>	<u>\$ 6,423,249</u>	<u>3,054,151</u>
GAAP Basis Adjustments				
Capital Replacement		1,046,492		767,182
Capital Outlay		1,194,532		904,549
Debt Service Principal		103,105		101,073
Depreciation Expense		(2,771,640)		(2,676,468)
Net GAAP Basis Adjustments		<u>(427,511)</u>		<u>(903,664)</u>
Change in Net Position - GAAP Basis		3,224,054		2,150,487
NET POSITION, Beginning		<u>103,258,495</u>		<u>101,108,008</u>
NET POSITION, Ending		<u>\$ 106,482,549</u>		<u>\$ 103,258,495</u>

See the accompanying Independent Auditors' Report