

**UPPER BLUE SANITATION DISTRICT
BRECKENRIDGE, COLORADO**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

**UPPER BLUE SANITATION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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**UPPER BLUE SANITATION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

FINANCIAL SECTION

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, 2022

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, 2022. 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 2022 by \$111,705,006 (*net position*), which is an increase of \$5,222,457 from the prior year. Of this amount \$42,516,477 (*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 \$12,916,824 in 2022 versus 2021 revenues of \$10,076,636. There was an increase in 2022 revenues in the amount of \$2,840,188. The main increase from 2021 was due to an increase in Plant Investment Fees in the amount of \$1,792,815.

In 2022, there was operating income from operations in the amount of \$7,139,429 and other income in the amount of \$5,777,395. The District's total operating revenues increased in 2022 by \$569,588 from 2021. The main increase in 2022 operating revenue was the increase in Sewer User Charges in the amount of \$334,380. Investment Earnings increased in 2022 by \$487,568 from 2021. 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. Capital contributions from Plant Investment Fees in the amount of \$5,193,774 for 2022 and \$3,400,959 for 2021.

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 2022. 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 2022 by \$5,222,457 to \$111,705,006 and in 2021 by \$3,224,054 to \$106,482,549. This was the result of an increase in current assets in the amount of \$3,261,344 in 2022.

Cash, Cash equivalents and investments of the District at December 31, 2022 totaled \$43,310,190, which represents 38.02% of the District's total assets, and at December 31, 2021 Cash, Cash equivalents and investments totaled \$40,064,805 which represents 36.97% of the District's total assets.

The District's Capital assets, net of accumulated depreciation, at December 31, 2022 totaled \$68,797,762, which represents 60.40% of the District's total assets as of December 31, 2022; and at December 31, 2021 Capital assets, net of accumulated depreciation totaled \$66,446,494, which represents 61.32% of the District's total assets as of December 31, 2021.

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		
	<u>2022</u>	<u>2021</u>
Current Assets	\$ 45,041,034	\$ 41,779,690
Non Current Assets		
Capital Assets - Net	68,797,762	66,446,494
Other	70,133	132,717
Total Assets	<u>113,908,929</u>	<u>108,358,901</u>
Current Liabilities	1,451,981	1,017,118
Non Current Liabilities - Loan Payable	751,942	859,234
Total Liabilities	<u>2,203,923</u>	<u>1,876,352</u>
Net Position		
Net Investment in Capital Assets	67,938,529	65,482,083
Restricted	1,250,000	1,250,000
Unrestricted	42,516,477	39,750,466
Total Net Position	<u>\$ 111,705,006</u>	<u>\$ 106,482,549</u>

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

Condensed Statement of Activities		
	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 7,139,429	\$ 6,569,841
Capital Grants and Contributions	<u>5,275,234</u>	<u>3,492,202</u>
Total Program Revenues	12,414,663	10,062,043
General Revenues		
Investment Earnings	<u>502,161</u>	<u>14,593</u>
Total Revenues	12,916,824	10,076,636
Expenses		
Wastewater Operations	<u>7,694,367</u>	<u>6,852,582</u>
Change in Net Position	5,222,457	3,224,054
Net Position, Beginning	<u>106,482,549</u>	<u>103,258,495</u>
Net Position, Ending	<u>\$ 111,705,006</u>	<u>\$ 106,482,549</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 2022, before depreciation, was approximately \$340,810 less than 2021 operating income. The decrease in operating income in 2022 was due to an increase in the 2022 operating expenses in the amount of \$843,875. The net operating income for 2021, before depreciation was approximately \$73,006 more than 2020 operating income.

Non-operating revenues and Capital Contributions for 2022 were approximately \$2,272,690 more than 2021. This was a result of an increase in Capital Contributions in the amount of \$1,792,815 and non-operating income in the amount of \$479,875. Non-operating revenues and Capital Contributions for 2021 were approximately \$1,095,733 more than 2020.

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 \$4,511,824 in 2022. Actual revenues exceeded budgeted revenues by \$2,127,184 in 2021. Plant Investment Fees exceeded the budgeted amount by \$3,693,774 in 2022. Plant Investment Fees exceeded the budgeted amount by \$2,200,959 in 2021.

Actual expenditures were \$10,242,741 less than budgeted in 2022 and \$4,296,065 less than budgeted in 2021. Significant variations to budget are as follows:

- Administrative expenses were \$117,540 less than budgeted in 2022 and \$288,646 less than budgeted in 2021.
- Plant expenses were \$127,640 less than budgeted in 2022 mainly due to Iowa Hill, Farmers Korner and South Blue utilities, and Farmers Korner equipment repair being less than budgeted. For 2021 plant expenses were \$273,701 less than budgeted mainly due to Iowa Hill and Farmers Korner utilities, Farmers Korner equipment repair, and Farmers Korner sludge hauling expenses being less than budgeted.
- Replacement capital expenditures were \$5,029,111 less than budgeted in 2022 and \$1,698,508 less than budgeted in 2021.
- Capital outlay for 2022 was \$4,972,434 less than budgeted and \$2,020,683 less than budgeted in 2021. See discussion below.

Capital Assets

Replacement Capital

In Collections, manholes, lift stations and line repair projects were undertaken to help address infiltration and inflow problems. Ongoing line cleaning/TV main sewer lines and line cleaner modification.

At the Farmers Korner plant, the District replaced the south plant roof, non-potable water lines, north/west/east plant pumps, east plant instrument replacement, rapid mixer replacement, etc.

At the Iowa Hill plant the District engineered for nutrient removal.

New Capital

In Collections, the District did the Highway 9 sewer line crossing.

At Farmers Korner the District converted DeviceNet to Ethernet.

At the Iowa Hill plant the District engineered for nutrient removal.

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:

	Restated Balance 12/31/21	Additions	Deletions	Balance 12/31/22
Capital Assets Not Being Depreciated:				
Land and Easements	\$ 966,863	\$ -	\$ -	\$ 966,863
Construction in Progress	689,548	260,613	670,654	279,507
Total Capital Assets Not Being Depreciated	<u>1,656,411</u>	<u>260,613</u>	<u>670,654</u>	<u>1,246,370</u>
Capital Assets Being Depreciated:				
Buildings	164,045	-	-	164,045
Treatment Plants	81,652,250	2,146,450	-	83,798,700
Upper Blue River System	9,320,991	13,410	-	9,334,401
Sewer Lines and Mains	19,069,644	1,709,149	-	20,778,793
Equipment and Vehicles	2,437,544	22,446	-	2,459,990
Employee Housing	1,697,474	1,574,973	-	3,272,447
Total Capital Assets Being Depreciated	<u>114,341,948</u>	<u>5,466,428</u>	<u>-</u>	<u>119,808,376</u>
Accumulated Depreciation:				
Buildings	(40,399)	(6,366)	-	(46,765)
Treatment Plants	(34,872,715)	(1,771,692)	-	(36,644,407)
Upper Blue River System	(2,905,181)	(194,853)	-	(3,100,034)
Sewer Lines and Mains	(9,039,092)	(571,744)	-	(9,610,836)
Equipment and Vehicles	(2,198,507)	(87,443)	-	(2,285,951)
Employee Housing	(495,971)	(73,018)	-	(568,989)
Total Accumulated Depreciation	<u>(49,551,865)</u>	<u>(2,705,116)</u>	<u>-</u>	<u>(52,256,982)</u>
Capital Assets Being Depreciated, net	<u>64,790,083</u>	<u>2,761,312</u>	<u>-</u>	<u>67,551,394</u>
Total Capital Assets	<u>\$ 66,446,494</u>	<u>\$ 3,021,925</u>	<u>\$ 670,654</u>	<u>\$ 68,797,764</u>

Long-Term Debt

A principal payment of \$105,177 was made during 2022 and \$103,105 during 2021 on the CWRPDA note along with \$17,888 in 2022 and \$19,978 in 2021 in interest.

	Balance 12/31/2021	Advances	Payments	Balance 12/31/2022
Notes Payable:				
2010 CWRPDA	<u>\$ 964,411</u>	<u>\$ -</u>	<u>\$ 105,177</u>	<u>\$ 859,234</u>

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.

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, 2022, 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 financial position of the Upper Blue Sanitation District as of December 31, 2022, and the 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 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.

Mayberry + Company, LLC

Englewood, Colorado
June 28, 2023

BASIC FINANCIAL STATEMENTS

UPPER BLUE SANITATION DISTRICT
Breckenridge, Colorado

STATEMENT OF NET POSITION

December 31, 2022

(With Comparative Totals for December 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Equivalents	\$ 13,267,986	\$ 15,520,456
Investments	30,042,204	24,544,349
Accounts Receivable	47,545	60,569
Accrued Interest Receivable	-	138
Prepaid Expenses	202,326	173,205
Restricted Cash & Investments	<u>1,480,973</u>	<u>1,480,973</u>
Total Current Assets	<u>45,041,034</u>	<u>41,779,690</u>
Noncurrent Assets		
Capital Assets, not being depreciated	1,246,370	966,863
Capital Assets, being depreciated (net)	67,551,392	65,479,631
Notes and Other Receivables	<u>70,133</u>	<u>132,717</u>
Total Noncurrent Assets	<u>68,867,895</u>	<u>66,579,211</u>
Total Assets	<u>113,908,929</u>	<u>108,358,901</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	835,388	437,393
Retainage Payable	19,636	-
Unearned Revenue	63,465	66,606
Accrued Compensated Absences	184,180	167,182
Accrued Interest Payable	7,160	8,037
Deposits and Escrow Balances	3,888	1,750
Deposits and Escrow Balances - Restricted Resources	230,973	230,973
Current Portion - Notes Payable	<u>107,291</u>	<u>105,177</u>
Total Current Liabilities	1,451,981	1,017,118
Noncurrent Notes Payable	<u>751,942</u>	<u>859,234</u>
Total Liabilities	<u>2,203,923</u>	<u>1,876,352</u>
NET POSITION		
Net Investment in Capital Assets	67,938,529	65,482,083
Restricted:		
For Operations and Maintenance Reserve	1,250,000	1,250,000
Unrestricted	<u>42,516,477</u>	<u>39,750,466</u>
Total Net Position	<u>\$ 111,705,006</u>	<u>\$ 106,482,549</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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
User Charges	\$ 6,631,784	\$ 6,297,404
Inspection Fees	5,300	6,394
Line Extension Fees	120,077	148,452
Rental Income	77,075	56,405
Other Charges	<u>305,193</u>	<u>61,186</u>
Total Operating Revenues	<u>7,139,429</u>	<u>6,569,841</u>
OPERATING EXPENSES		
Administrative	2,835,540	2,364,447
Operating - Iowa Hill	187,429	121,254
Operating - Farmers Korner	1,631,308	1,294,548
Operating - South Blue	68,223	63,597
Operating - Collection System	248,862	212,333
Noncapitalized Capital Outlay	-	4,785
Depreciation Expense	<u>2,705,117</u>	<u>2,771,640</u>
Total Operating Expenses	<u>7,676,479</u>	<u>6,832,604</u>
Income (Loss) from Operations	<u>(537,050)</u>	<u>(262,763)</u>
NONOPERATING INCOME (EXPENSE)		
Investment Earnings	502,161	14,593
Inclusion Fees	81,460	91,243
Interest Expense	<u>(17,888)</u>	<u>(19,978)</u>
Total Nonoperating Income (Expense)	<u>565,733</u>	<u>85,858</u>
CAPITAL CONTRIBUTIONS		
Plant Investment Fees	<u>5,193,774</u>	<u>3,400,959</u>
Change in Net Position	5,222,457	3,224,054
NET POSITION, Beginning	<u>106,482,549</u>	<u>103,258,495</u>
NET POSITION, Ending	<u>\$ 111,705,006</u>	<u>\$ 106,482,549</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, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Cash Receipts from Customers	\$ 7,151,450	\$ 6,660,395
Cash Payments to Suppliers	(2,655,164)	(2,168,961)
Cash Payments to Employees	(1,930,329)	(1,823,313)
Net Cash Flows from Operating Activities	<u>2,565,957</u>	<u>2,668,121</u>
Cash Flows from Capital and Related Financing Activities:		
Plant Investment Fees	5,193,774	3,400,959
Inclusion Fees	81,460	91,243
Acquisition and Construction of Capital Assets	(5,036,749)	(2,241,025)
Principal Paid on Loans	(105,177)	(103,105)
Change in O & M Reserve	-	(92,000)
Interest Paid on Loans	(18,764)	(20,837)
Net Cash Flows from Capital and Related Financing Activities	<u>114,544</u>	<u>1,035,235</u>
Cash Flows from Investing Activities:		
Proceeds from Sale (Purchases) of Investments - net	(5,497,855)	(5,102,721)
Payments (Advances) on Notes Receivable - net	62,585	(44,610)
Investment Earnings	502,299	14,593
Net Cash Flows from Investing Activities	<u>(4,932,971)</u>	<u>(5,132,738)</u>
Net Increase (Decrease) in Cash and Equivalents	(2,252,470)	(1,429,382)
CASH AND EQUIVALENTS, Beginning	<u>15,520,456</u>	<u>16,949,838</u>
CASH AND EQUIVALENTS, Ending	<u>\$ 13,267,986</u>	<u>\$ 15,520,456</u>
Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operations:		
Income (Loss) from Operations	\$ (537,050)	\$ (262,763)
Adjustments required to reconcile operating income (loss) to net cash flows from operations		
Depreciation	2,705,117	2,771,640
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	13,024	(4,952)
(Increase) Decrease in Prepaid Expenses	(29,121)	2,386
Increase (Decrease) in Accounts Payable	397,992	65,407
Increase (Decrease) in Unearned Revenue	(3,141)	1,777
Increase (Decrease) in Accrued Compensated Absences	16,998	897
Increase (Decrease) in Deposits and Escrow Balances	2,138	93,729
Total Adjustments	<u>3,103,007</u>	<u>2,930,884</u>
Net Cash Flows from Operating Activities	<u>\$ 2,565,957</u>	<u>\$ 2,668,121</u>

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

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

DECEMBER 31, 2022

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, 2022

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 2022.

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, 2022

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, 2022 statement of net position as follows:

Cash Deposits and On Hand	\$ 14,748,959
Investments	30,042,204
Total Cash and Investments	<u>\$ 44,791,163</u>
Cash and Equivalents	\$ 13,267,986
Investments	30,042,204
Restricted Cash and Investments	1,480,973
Total Cash and Investments	<u>\$ 44,791,163</u>

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

DECEMBER 31, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)

CASH DEPOSITS

At December 31, 2022, 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)	15,604,554	14,498,759
Petty Cash	-	200
Total Cash Balances	<u>\$ 15,854,554</u>	<u>\$ 14,748,959</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, 2022, 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, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)

Credit Risk (Continued)

At December 31, 2022, 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, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)

RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments for the operations and maintenance reserve for 2022 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 4 outstanding notes with a value of \$41,717 at year end and recognized \$3,572 of interest on the notes. There was \$1,488 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 \$28,415 at year end and recognized \$871 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, 2022

NOTE 4: CAPITAL ASSETS

Summaries of changes to capital assets for 2022 are as follows:

	Restated Balance 12/31/21	Additions	Deletions	Balance 12/31/22
Capital Assets Not Being Depreciated:				
Land and Easements	\$ 966,863	\$ -	\$ -	\$ 966,863
Construction in Progress	689,548	260,613	670,654	279,507
Total Capital Assets Not Being Depreciated	<u>1,656,411</u>	<u>260,613</u>	<u>670,654</u>	<u>1,246,370</u>
Capital Assets Being Depreciated:				
Buildings	164,045	-	-	164,045
Treatment Plants	81,652,250	2,146,450	-	83,798,700
Upper Blue River System	9,320,991	13,410	-	9,334,401
Sewer Lines and Mains	19,069,644	1,709,149	-	20,778,793
Equipment and Vehicles	2,437,544	22,446	-	2,459,990
Employee Housing	1,697,474	1,574,973	-	3,272,447
Total Capital Assets Being Depreciated	<u>114,341,948</u>	<u>5,466,428</u>	<u>-</u>	<u>119,808,376</u>
Accumulated Depreciation:				
Buildings	(40,399)	(6,366)	-	(46,765)
Treatment Plants	(34,872,715)	(1,771,692)	-	(36,644,407)
Upper Blue River System	(2,905,181)	(194,853)	-	(3,100,034)
Sewer Lines and Mains	(9,039,092)	(571,744)	-	(9,610,836)
Equipment and Vehicles	(2,198,507)	(87,443)	-	(2,285,951)
Employee Housing	(495,971)	(73,018)	-	(568,989)
Total Accumulated Depreciation	<u>(49,551,865)</u>	<u>(2,705,116)</u>	<u>-</u>	<u>(52,256,982)</u>
Capital Assets Being Depreciated, net	<u>64,790,083</u>	<u>2,761,312</u>	<u>-</u>	<u>67,551,394</u>
Total Capital Assets	<u>\$ 66,446,494</u>	<u>\$ 3,021,925</u>	<u>\$ 670,654</u>	<u>\$ 68,797,764</u>

Depreciation expense for the year ended December 31, 2022 was \$2,705,117

The District previously had included some capital assets under construction in Employee Housing instead of Construction in Progress. These amounts have been reclassified for this presentation and had no effect on the overall net capital assets.

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, 2022

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 used the remaining portion in 2022.

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, 2022.

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, 2022

NOTE 6: LONG TERM DEBT

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

	<u>Balance 12/31/2021</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance 12/31/2022</u>	<u>Due Within One Year</u>	<u>Interest Expense</u>
Notes Payable:						
2010 CWRPDA	\$ 964,411	\$ -	\$ 105,177	\$ 859,234	\$ 107,291	\$ 17,888

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, 2022.

A schedule of future loan payments is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	116,181	7,761	123,942
2028-2030	300,774	9,083	309,857
Totals	<u>\$ 859,234</u>	<u>\$ 70,333</u>	<u>\$ 929,567</u>

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

DECEMBER 31, 2022

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 \$66,816, \$61,593, and \$58,536, for 2022, 2021 and 2020, respectively.

Covered and total payroll for 2022, 2021 and 2020 was \$1,336,320, \$1,231,860, and \$1,170,720, 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 2022, the total employee contributions were \$127,629 with the District matching \$32,088.

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.

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	\$ 12,916,824	\$ 10,813,882
GAAP Basis Adjustments		
Capital Replacement	-	(1,921,889)
Capital Outlay	-	(3,797,566)
Debt Service Principal	-	(105,177)
Depreciation Expense	-	2,705,117
GAAP Basis	<u>\$ 12,916,824</u>	<u>\$ 7,694,367</u>

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

DECEMBER 31, 2022

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, 2022. 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.

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	\$ 7,139,429
Other Revenue	583,621
Capital Contributions	<u>5,193,774</u>
Total Revenue	<u>12,916,824</u>
Operating expenses	(7,676,479)
Less: Depreciation	<u>2,705,117</u>
Adjusted operating expenses	<u>(4,971,362)</u>
Net Revenue	<u>7,945,462</u>
Total Debt Service	
2010 CWRPDA	123,942
Required rate	<u>110%</u>
Net Revenue Required	<u>136,337</u>
Excess (deficit)	<u>\$ 7,809,125</u>

NOTE 11: FUTURE USES OF NET POSITION

Through the adoption of the 2023 budget, the District has appropriated \$24,263,042 of net position available at December 31, 2022 to fund fiscal year 2023 operations.

As this amount is internally allocated, it does 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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

	2022			2021 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE POS (NEG)	
REVENUES				
User Charges	\$ 6,650,000	\$ 6,631,784	\$ (18,216)	\$ 6,297,404
Inspection Fees	4,000	5,300	1,300	6,394
Inclusion Fees	50,000	81,460	31,460	91,243
Line Extension Fees	50,000	120,077	70,077	148,452
Other Charges	40,000	305,193	265,193	61,186
Investment Earnings	54,000	502,161	448,161	14,593
Plant Investment Fees	1,500,000	5,193,774	3,693,774	3,400,959
Rental Income	57,000	77,075	20,075	56,405
TOTAL REVENUES	8,405,000	12,916,824	4,511,824	10,076,636
EXPENDITURES				
Admininstrative				
Personnel Services	2,355,580	1,947,327	408,253	1,824,210
Office Administration	176,500	229,119	(52,619)	183,618
Legal and Other Professional	160,500	413,873	(253,373)	128,467
Board Expenses	11,000	6,000	5,000	6,000
Insurance	164,000	137,003	26,997	135,356
Building Maintenance	27,000	36,753	(9,753)	36,348
Employee Housing	18,000	22,836	(4,836)	8,896
Other Administrative Expenses	40,500	42,629	(2,129)	41,552
Total Administrative	2,953,080	2,835,540	117,540	2,364,447
Operating - Iowa Hill				
Utilities	100,000	25,777	74,223	23,556
Repairs	90,000	73,202	16,798	58,437
Chemicals and Other Supplies	35,000	27,871	7,129	27,341
Biomonitoring	5,000	12,143	(7,143)	1,502
Permits & Fees	9,000	46,441	(37,441)	9,386
Other Operating Expenses	3,000	1,995	1,005	1,032
Total Operating - Iowa Hill	242,000	187,429	54,571	121,254
Operating - Farmers Korner				
Utilities	640,000	622,984	17,016	516,874
Repairs	165,000	223,779	(58,779)	116,079
Chemicals and Other Supplies	560,500	464,066	96,434	443,037
Biomonitoring	7,800	6,080	1,720	1,685
Permits & Fees	22,500	20,585	1,915	15,843
Sludge Hauling & Land Application	205,000	215,971	(10,971)	166,433
Site Monitoring	23,000	17,600	5,400	8,397
Other Operating Expenses	60,000	60,243	(243)	26,200
Total Operating - Farmers Korner	1,683,800	1,631,308	52,492	1,294,548

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, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

(Continued)

	2022			2021 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE POS (NEG)	
EXPENDITURES (Continued)				
Operating - South Blue				
Utilities	62,000	52,965	9,035	41,888
Repairs	4,000	982	3,018	7,951
Chemicals and Other Supplies	1,000	-	1,000	462
Permits & Fees	3,800	4,258	(458)	976
Site Monitoring	10,000	7,222	2,778	6,975
Other Operating Expenses	8,000	2,796	5,204	5,345
Total Operating - South Blue	<u>88,800</u>	<u>68,223</u>	<u>20,577</u>	<u>63,597</u>
Operating - Collection System				
Utilities	20,000	14,485	5,515	13,851
Repairs	165,000	178,386	(13,386)	159,837
Inspection Expenses	5,000	4,665	335	2,454
Other Operating Expenses	54,000	51,326	2,674	36,191
Total Operating - Collection System	<u>244,000</u>	<u>248,862</u>	<u>(4,862)</u>	<u>212,333</u>
Capital Replacement	6,951,000	1,921,889	5,029,111	1,046,492
Capital Outlay	8,770,000	3,797,566	4,972,434	1,199,317
Debt Service				
Debt Service Principal	97,130	105,177	(8,047)	103,105
Interest Expense	26,813	17,888	8,925	19,978
Total Debt Service	<u>123,943</u>	<u>123,065</u>	<u>878</u>	<u>123,083</u>
TOTAL EXPENSES	<u>21,056,623</u>	<u>10,813,882</u>	<u>10,242,741</u>	<u>6,425,071</u>
CHANGE IN NET POSITION - GAAP BASIS	<u>\$ (12,651,623)</u>	<u>2,102,942</u>	<u>\$ 14,754,565</u>	<u>3,651,565</u>
GAAP Basis Adjustments				
Capital Replacement		1,921,889		1,046,492
Capital Outlay		3,797,566		1,194,532
Debt Service Principal		105,177		103,105
Depreciation Expense		(2,705,117)		(2,771,640)
Net GAAP Basis Adjustments		<u>3,119,515</u>		<u>(427,511)</u>
Change in Net Position - GAAP Basis		5,222,457		3,224,054
NET POSITION - BEGINNING		<u>106,482,549</u>		<u>103,258,495</u>
NET POSITION - ENDING		<u>\$ 111,705,006</u>		<u>\$ 106,482,549</u>

See the accompanying Independent Auditors' Report