

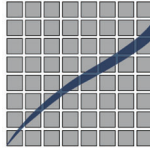
**FOUNTAIN SANITATION DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2022 AND 2021

**FOUNTAIN SANITATION DISTRICT
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YEARS ENDED DECEMBER 31, 2022 AND 2021**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fountain Sanitation District
Fountain, Colorado

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Fountain Sanitation District ("District") as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the District as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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 the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford, P.C.

Colorado Springs, Colorado
June 6, 2023

BASIC FINANCIAL STATEMENTS

**FOUNTAIN SANITATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2022**

	Business-Type Activities - Enterprise Funds			
	Fountain Sanitation District			
	Fountain Sanitation	Jimmy Camp Creek Enterprise	Fountain Sanitation District Total	LFMSDD (Component Unit)
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 8,983,188	\$ 15,141,869	\$ 24,125,057	\$ 1,300,183
Cash and Cash Equivalents - Restricted	114,900	501,800	616,700	47,400
Accounts Receivable, Net of Allowance for Doubtful Accounts	170,891	171,249	342,140	22,463
Receivable from County Treasurer	10,598	-	10,598	-
Property Taxes Receivable	1,298,092	-	1,298,092	-
Intergovernmental Receivable	-	60,697	60,697	109,626
Inventory	52,834	28,449	81,283	61,048
Total Current Assets	<u>10,630,503</u>	<u>15,904,064</u>	<u>26,534,567</u>	<u>1,540,720</u>
OTHER ASSETS				
Intangible Assets, Net of Accumulated Amortization	-	-	-	-
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CAPITAL ASSETS				
Capital Assets Not Being Depreciated	145,768	-	145,768	291,375
Capital Assets, Net of Accumulated Depreciation	<u>10,638,914</u>	<u>3,906,802</u>	<u>14,545,716</u>	<u>34,152,473</u>
Total Capital Assets	<u>10,784,682</u>	<u>3,906,802</u>	<u>14,691,484</u>	<u>34,443,848</u>
Total Assets	<u>\$ 21,415,185</u>	<u>\$ 19,810,866</u>	<u>\$ 41,226,051</u>	<u>\$ 35,984,568</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts and Contracts Payable	\$ 25,806	\$ 9,605	\$ 35,411	\$ 61,794
Accrued Liabilities	13,623	201,145	214,768	18,094
Accrued Compensated Absences	241,336	123,885	365,221	-
Intergovernmental Payable	-	109,626	109,626	60,697
Current Maturities of Long-Term Obligations	-	337,779	337,779	-
Total Current Liabilities	<u>280,765</u>	<u>782,040</u>	<u>1,062,805</u>	<u>140,585</u>
LONG-TERM OBLIGATIONS	-	3,212,781	3,212,781	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	<u>1,298,092</u>	-	<u>1,298,092</u>	-
Total Deferred Inflows of Resources	<u>1,298,092</u>	-	<u>1,298,092</u>	-
NET POSITION				
Net Investment in Capital Assets	10,784,682	3,906,802	14,691,484	34,443,848
Restricted	114,900	501,800	616,700	47,400
Unrestricted	<u>8,936,746</u>	<u>11,407,443</u>	<u>20,344,189</u>	<u>1,352,735</u>
Total Net Position	<u>19,836,328</u>	<u>15,816,045</u>	<u>35,652,373</u>	<u>35,843,983</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 21,415,185</u>	<u>\$ 19,810,866</u>	<u>\$ 41,226,051</u>	<u>\$ 35,984,568</u>

See accompanying notes to Basic Financial Statements.

**FOUNTAIN SANITATION DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2021**

	Business-Type Activities - Enterprise Funds			
	Fountain Sanitation District			
	Fountain Sanitation	Jimmy Camp Creek Enterprise	Fountain Sanitation District Total	LFMSDD (Component Unit)
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 7,021,030	\$ 14,497,403	\$ 21,518,433	\$ 1,355,632
Cash and Cash Equivalents - Restricted	96,900	507,500	604,400	46,300
Accounts Receivable, Net of Allowance for Doubtful Accounts	146,544	202,559	349,103	19,939
Receivable from County Treasurer	10,924	-	10,924	-
Property Taxes Receivable	1,226,035	-	1,226,035	-
Intergovernmental Receivable	-	51,192	51,192	109,812
Inventory	26,105	36,050	62,155	48,433
Total Current Assets	<u>8,527,538</u>	<u>15,294,704</u>	<u>23,822,242</u>	<u>1,580,116</u>
OTHER ASSETS				
Intangible Assets, Net of Accumulated Amortization	1,170	-	1,170	-
Total Other Assets	<u>1,170</u>	<u>-</u>	<u>1,170</u>	<u>-</u>
CAPITAL ASSETS				
Capital Assets Not Being Depreciated	52,867	-	52,867	291,375
Capital Assets, Net of Accumulated Depreciation	11,173,396	3,403,336	14,576,732	35,042,247
Total Capital Assets	<u>11,226,263</u>	<u>3,403,336</u>	<u>14,629,599</u>	<u>35,333,622</u>
Total Assets	<u>\$ 19,754,971</u>	<u>\$ 18,698,040</u>	<u>\$ 38,453,011</u>	<u>\$ 36,913,738</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts and Contracts Payable	\$ 29,396	\$ 13,028	\$ 42,424	\$ 213,954
Accrued Liabilities	13,692	280,260	293,952	18,094
Accrued Compensated Absences	213,140	117,272	330,412	-
Intergovernmental Payable	-	109,812	109,812	51,192
Current Maturities of Long-Term Obligations	-	338,566	338,566	-
Total Current Liabilities	<u>256,228</u>	<u>858,938</u>	<u>1,115,166</u>	<u>283,240</u>
LONG-TERM OBLIGATIONS	-	3,550,560	3,550,560	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	1,226,035	-	1,226,035	-
Total Deferred Inflows of Resources	<u>1,226,035</u>	<u>-</u>	<u>1,226,035</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	11,226,263	3,403,336	14,629,599	35,333,622
Restricted	96,900	507,500	604,400	46,300
Unrestricted	6,949,545	10,377,706	17,327,251	1,250,576
Total Net Position	<u>18,272,708</u>	<u>14,288,542</u>	<u>32,561,250</u>	<u>36,630,498</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 19,754,971</u>	<u>\$ 18,698,040</u>	<u>\$ 38,453,011</u>	<u>\$ 36,913,738</u>

See accompanying notes to Basic Financial Statements.

**FOUNTAIN SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

	Business-Type Activities - Enterprise Funds			
	Fountain Sanitation District			
	Fountain Sanitation	Jimmy Camp Creek Enterprise	Fountain Sanitation District Total	LFMSDD (Component Unit)
OPERATING REVENUES				
Charges for Services	\$ 2,176,051	\$ 2,198,326	\$ 4,374,377	\$ 1,558,648
Intergovernmental Revenue - LFMSDD	-	654,876	654,876	-
Bad Debt Recovery	-	-	-	-
Miscellaneous	2,648	7,414	10,062	-
Total Operating Revenues	<u>2,178,699</u>	<u>2,860,616</u>	<u>5,039,315</u>	<u>1,558,648</u>
OPERATING EXPENSES				
Personnel Services	1,105,198	1,814,563	2,919,761	80,819
Depreciation and Amortization	608,525	239,806	848,331	1,043,355
Supplies	63,697	22,833	86,530	177,572
Repairs and Maintenance	57,743	52,642	110,385	8,699
Purchased Services	207,851	64,896	272,747	651,125
Utilities	153,376	52,434	205,810	219,196
General and Administrative	-	-	-	31,494
Management Fees	-	-	-	132,197
Fixed Charges	134,867	-	134,867	51,689
Total Operating Expenses	<u>2,331,257</u>	<u>2,247,174</u>	<u>4,578,431</u>	<u>2,396,146</u>
OPERATING INCOME (LOSS)	(152,558)	613,442	460,884	(837,498)
NONOPERATING REVENUES (EXPENSES)				
Property Tax Revenue	1,226,174	-	1,226,174	-
Specific Ownership Taxes	129,601	-	129,601	-
County Treasurer's Fees	(18,412)	-	(18,412)	-
Interest Income	294,638	110,702	405,340	19,661
Gain (Loss) on Disposal of Capital Assets	117,883	-	117,883	-
Interest Expense	-	(71,488)	(71,488)	-
Note Payable Premium Amortization	-	10,770	10,770	-
Total Nonoperating Revenues	<u>1,749,884</u>	<u>49,984</u>	<u>1,799,868</u>	<u>19,661</u>
CAPITAL CONTRIBUTIONS				
Intergovernmental Contributions	-	-	-	31,322
Tap Fees	111,841	332,165	444,006	-
Capital Contributions	-	386,365	386,365	-
Transfers (to) from Other Funds	(145,547)	145,547	-	-
Total Capital Contributions	<u>(33,706)</u>	<u>864,077</u>	<u>830,371</u>	<u>31,322</u>
CHANGE IN NET POSITION	1,563,620	1,527,503	3,091,123	(786,515)
Total Net Position - Beginning of Year	<u>18,272,708</u>	<u>14,288,542</u>	<u>32,561,250</u>	<u>36,630,498</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 19,836,328</u>	<u>\$ 15,816,045</u>	<u>\$ 35,652,373</u>	<u>\$ 35,843,983</u>

See accompanying notes to Basic Financial Statements.

FOUNTAIN SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds			
	Fountain Sanitation District			
	Fountain Sanitation	Jimmy Camp Creek Enterprise	Fountain Sanitation District Total	LFMSDD (Component Unit)
OPERATING REVENUES				
Charges for Services	\$ 1,840,872	\$ 2,545,559	\$ 4,386,431	\$ 1,539,511
Intergovernmental Revenue - LFMSDD	-	606,603	606,603	-
Bad Debt Recovery	-	-	-	-
Miscellaneous	68,727	17,255	85,982	-
Total Operating Revenues	<u>1,909,599</u>	<u>3,169,417</u>	<u>5,079,016</u>	<u>1,539,511</u>
OPERATING EXPENSES				
Personnel Services	1,081,316	1,872,412	2,953,728	84,228
Depreciation and Amortization	597,096	219,317	816,413	1,033,122
Supplies	50,098	21,449	71,547	162,235
Repairs and Maintenance	54,009	23,643	77,652	35,476
Purchased Services	173,740	60,938	234,678	681,895
Utilities	139,443	51,549	190,992	209,930
General and Administrative	-	-	-	20,564
Management Fees	-	-	-	99,178
Fixed Charges	123,599	-	123,599	43,931
Total Operating Expenses	<u>2,219,301</u>	<u>2,249,308</u>	<u>4,468,609</u>	<u>2,370,559</u>
OPERATING INCOME (LOSS)	(309,702)	920,109	610,407	(831,048)
NONOPERATING REVENUES (EXPENSES)				
Property Tax Revenue	1,166,204	-	1,166,204	-
Specific Ownership Taxes	138,414	-	138,414	-
County Treasurer's Fees	(17,526)	-	(17,526)	-
Interest Income	13,698	6,148	19,846	1,423
Gain (Loss) on Disposal of Capital Assets	-	-	-	-
Interest Expense	-	(81,596)	(81,596)	-
Note Payable Premium Amortization	-	11,583	11,583	-
Total Nonoperating Revenues	<u>1,300,790</u>	<u>(63,865)</u>	<u>1,236,925</u>	<u>1,423</u>
CAPITAL CONTRIBUTIONS				
Intergovernmental Contributions	-	(187,500)	(187,500)	282,005
Tap Fees	63,114	234,143	297,257	-
Capital Contributions	-	251,247	251,247	-
Transfers (to) from Other Funds	546	(546)	-	-
Total Capital Contributions	<u>63,660</u>	<u>297,344</u>	<u>361,004</u>	<u>282,005</u>
CHANGE IN NET POSITION	1,054,748	1,153,588	2,208,336	(547,620)
Total Net Position - Beginning of Year	<u>17,217,960</u>	<u>13,134,954</u>	<u>30,352,914</u>	<u>37,178,118</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 18,272,708</u>	<u>\$ 14,288,542</u>	<u>\$ 32,561,250</u>	<u>\$ 36,630,498</u>

See accompanying notes to Basic Financial Statements.

**FOUNTAIN SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

	Business-Type Activities - Enterprise Funds		
	Fountain Sanitation District		
	Fountain Sanitation	Jimmy Camp Creek Enterprise	Fountain Sanitation District Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 2,154,352	\$ 2,891,926	\$ 5,046,278
Payments to Employees	(936,032)	(416,560)	(1,352,592)
Payments for Employee Benefits	(169,166)	(82,945)	(252,111)
Payments for Operating Expenses from LFMSDD	-	(1,315,057)	(1,315,057)
Payments to Suppliers	(737,283)	(270,821)	(1,008,104)
Net Cash Provided by Operating Activities	<u>311,871</u>	<u>806,543</u>	<u>1,118,414</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer (to) from Other Funds	(145,547)	145,547	-
Taxes Received	1,355,775	-	1,355,775
County Treasurer's Fees	(18,412)	-	(18,412)
Net Cash Provided by Noncapital Financing Activities	<u>1,191,816</u>	<u>145,547</u>	<u>1,337,363</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Fees Received as Contributions in Aid of Construction	111,841	332,165	444,006
Acquisitions and Construction of Capital Assets	(229,990)	(743,272)	(973,262)
Proceeds from Sales of Capital Assets	299,982	-	299,982
Capital Contributions	-	386,365	386,365
Interest Expense	-	(71,488)	(71,488)
Principal Paid on Note Payable	-	(327,796)	(327,796)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>181,833</u>	<u>(424,026)</u>	<u>(242,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Intergovernmental Contributions	-	-	-
Interest Received	294,638	110,702	405,340
Net Cash Provided by Investing Activities	<u>294,638</u>	<u>110,702</u>	<u>405,340</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	1,980,158	638,766	2,618,924
Cash and Cash Equivalents - Beginning of Year	<u>7,117,930</u>	<u>15,004,903</u>	<u>22,122,833</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 9,098,088</u>	<u>\$ 15,643,669</u>	<u>\$ 24,741,757</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net Income (Loss) from Operations	\$ (152,558)	\$ 613,442	\$ 460,884
Adjustments to Reconcile Net Income (Loss) from Operations to Net Cash Flows Provided by Operating Activities:			
Depreciation/Amortization	608,525	239,806	848,331
Loss (Gain) on Disposal of Capital Assets	(117,883)	-	(117,883)
Net Change in Operating Assets and Liabilities:			
Accounts Receivable	(24,021)	31,310	7,289
Due from LFMSDD and JCC	-	(9,691)	(9,691)
Inventory	(26,729)	7,601	(19,128)
Accounts Payable	(3,590)	(3,423)	(7,013)
Accrued Liabilities	(69)	(79,115)	(79,184)
Accrued Vacation and Sick Leave	28,196	6,613	34,809
Net Cash Provided by Operating Activities	<u>\$ 311,871</u>	<u>\$ 806,543</u>	<u>\$ 1,118,414</u>
NONCASH CAPITAL ACTIVITIES			

During the year ended December 31, 2021, the District received sewer lines contributed by developers in the amount of \$386,365.

See accompanying notes to Basic Financial Statements.

**FOUNTAIN SANITATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Business-Type Activities - Enterprise Funds		
	Fountain Sanitation District		
	Fountain Sanitation	Jimmy Camp Creek Enterprise	Fountain Sanitation District Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,903,724	\$ 3,161,263	\$ 5,064,987
Payments to Employees	(862,939)	(451,876)	(1,314,815)
Payments for Employee Benefits	(218,377)	(106,218)	(324,595)
Payments for Operating Expenses from LFMSDD	-	(1,314,318)	(1,314,318)
Payments to Suppliers	(509,977)	(71,161)	(581,138)
Net Cash Provided by Operating Activities	<u>312,431</u>	<u>1,217,690</u>	<u>1,530,121</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer (to) from Other Funds	546	(546)	-
Taxes Received	1,304,618	-	1,304,618
County Treasurer's Fees	(17,526)	-	(17,526)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,287,638</u>	<u>(546)</u>	<u>1,287,092</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Fees Received as Contributions in Aid of Construction	63,114	234,143	297,257
Acquisitions and Construction of Capital Assets	(318,600)	(387,336)	(705,936)
Proceeds from Sales of Capital Assets	-	-	-
Capital Contributions	-	251,247	251,247
Interest Expense	-	(81,596)	(81,596)
Principal Paid on Note Payable	-	(321,943)	(321,943)
Net Cash Used by Capital and Related Financing Activities	<u>(255,486)</u>	<u>(305,485)</u>	<u>(560,971)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Intergovernmental Contributions	-	(187,500)	(187,500)
Interest Received	13,698	6,148	19,846
Net Cash Provided (Used) by Investing Activities	<u>13,698</u>	<u>(181,352)</u>	<u>(167,654)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,358,281</u>	<u>730,307</u>	<u>2,088,588</u>
Cash and Cash Equivalents - Beginning of Year	<u>5,759,649</u>	<u>14,274,596</u>	<u>20,034,245</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,117,930</u>	<u>\$ 15,004,903</u>	<u>\$ 22,122,833</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net Income (Loss) from Operations	\$ (309,702)	\$ 920,109	\$ 610,407
Adjustments to Reconcile Net Income (Loss) from Operations to Net Cash Flows Provided by Operating Activities:			
Depreciation/Amortization	597,096	219,317	816,413
Loss (Gain) on Disposal of Capital Assets	-	-	-
Net Change in Operating Assets and Liabilities:			
Accounts Receivable	(6,891)	(8,154)	(15,045)
Due from LFMSDD and JCC	-	22,609	22,609
Inventory	3,573	4,935	8,508
Accounts Payable	5,271	(1,683)	3,588
Accrued Liabilities	10,456	56,631	67,087
Accrued Vacation and Sick Leave	12,628	3,926	16,554
Net Cash Provided by Operating Activities	<u>\$ 312,431</u>	<u>\$ 1,217,690</u>	<u>\$ 1,530,121</u>
NONCASH CAPITAL ACTIVITIES			

During the year ended December 31, 2021, the District received sewer lines contributed by developers in the amount of \$251,247.

See accompanying notes to Basic Financial Statements.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Fountain Sanitation District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized by order and decree of the District Court for El Paso County on January 1, 1955, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Section 1, Colorado Revised Statutes). The District's service area is located in El Paso County, Colorado. The District was established to provide sewage services and treatment facilities for residents and businesses located within the District's boundaries, which are comprised of a specified portion of the city of Fountain, Colorado and certain surrounding areas.

As of December 31, 2022 and 2021, the District is comprised of two business-type activity funds, Fountain Sanitation (FS) and Jimmy Camp Creek Basin Wastewater Enterprise (JCCE). JCCE was established by a resolution of the District's Board of Directors on September 7, 2011 in order to facilitate funding of a new treatment plant which will provide service to residents and businesses located in the Jimmy Camp Creek Basin which is located within the boundaries of the District. The establishment of JCCE allowed the District to obtain additional financing to complete payment for its share of the new treatment plant, to adopt fees for wastewater services and for new taps to be added.

Based on the number of customers located in JCCE's boundaries and the miles of pipeline serving JCCE, the District has adopted a general allocation percentage of 55.56% of expenses and assets for JCCE and 44.44% for FS. The effective date for segregating the activities of JCCE from the District was September 1, 2011. As of the effective date, FS transferred the cash accounts established for the construction of the new treatment plant and 55.56% of the value of pipelines and equipment to JCCE, as well as a 55.56% allocation of certain other assets and liabilities. All revenues related to customers located in JCCE have been recorded in JCCE beginning in September of 2011, and operating expenses (excluding administrative expenses) were allocated to JCCE on a 55.56% basis through December 31, 2013. JCCE does not levy any property taxes.

On January 1, 2016, the District updated the allocation percentages based on current operations. All expenses related to sewage collection and transmission are allocated 64% to JCCE and 36% to FS. All expenses related to the District's sewage treatment plant are allocated 36% to JCCE and 64% to FS. All administrative expenses are allocated 100% to FS.

On January 1, 2019, the District updated the allocation percentages based on current operations. All expenses related to sewage collection and transmission are allocated 58% to JCCE and 42% to FS. All expenses related to the District's sewage treatment plant are allocated 35% to JCCE and 65% to FS. All administrative expenses are allocated 100% to FS.

On January 1, 2022, the District updated the allocation percentages based on current operations. All expenses related to sewage collection and transmission are allocated 50% to JCCE and 50% to FS. All expenses related to the District's sewage treatment plant are allocated 35% to JCCE and 65% to FS. All administrative expenses are allocated 100% to FS.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not a component unit of any other primary governmental entity.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

The District has been financially accountable for Lower Fountain Metropolitan Sewage Disposal District (LFMSDD) since 2003. LFMSDD is a component unit because the District appoints a voting majority of its Board of Directors, and therefore can control LFMSDD. LFMSDD is also financially dependent upon the District. LFMSDD's purpose is to construct and operate a new sewage treatment facility and interceptor sewer that will serve the future needs of the District and of other entities. LFMSDD's financial statements are presented as a discrete component unit. Financial statements for LFMSDD may be obtained by contacting Jim Heckman at the District offices (11545 Link Road, Fountain, Colorado 80817).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and loans is recorded as a reduction in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist of sewage collection services receivable. Accounts receivable are unsecured and stated at the amount the District expects to collect. The District maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial condition of the District's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. As of December 31, 2022 and 2021, allowances for doubtful accounts totaled \$1,361 for each year.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Inventory

Inventory is composed of various spare parts, replacement equipment and expendable supplies and materials used in the operations of the District. Inventory is valued at the lower of cost or market value under the first-in, first-out (FIFO) method.

Capital Assets

Capital assets, which include land, plant and buildings, distribution and collection systems, and machinery and equipment, are reported by the District. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Sewer Lines and Lagoons	20 to 50 Years
Building and Improvements	10 to 50 Years
Treatment Plant and Sewage Control	10 to 40 Years
Equipment	5 to 20 Years

Maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in nonoperating revenues (expenses).

Costs of certain engineering, feasibility, environmental and other studies are capitalized until the projects become operational. When projects become operational, the costs are included in capital assets and depreciated over the estimated useful life of the related asset.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tap Fees and Contributed Lines

Tap fees are recorded as capital contribution when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the estimated fair value when received. Capital contributions from charges for the years ended December 31, 2022 and 2021 were \$444,006 and \$297,257, respectively. Sewer lines contributed for the years ended December 31, 2022 and 2021 were \$386,365 and \$251,247, respectively.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Accordingly, the items incremental property tax revenue and deferred revenue are deferred and recognized as an inflow of resources in the period that the amounts become available.

Amortization – Original Issue Discount/Premium

Debt premiums and discounts are amortized over the respective terms of the borrowing using the interest method.

Compensated Absences

The District has a policy that allows all full-time employees to accumulate for vacation benefits at various rates, up to a maximum of 360 hours (45 days), based on their length of service.

Full-time employees are also entitled to accumulate personal leave at a rate of four hours every two weeks, up to a maximum of 720 hours (90 days). These accumulated hours are payable to the employee upon separation from the District.

Accrued vacation and personal leave totaling \$365,221 and \$330,412 represents the total actual vacation and personal leave hours accrued as of December 31, 2022 and 2021, respectively, for all employees.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 and 2021 are classified in the accompanying financial statements of the District as follows:

	2022	2021
Statement of Net Position:		
Cash and Cash Equivalents	\$ 24,125,057	\$ 21,518,433
Cash and Cash Equivalents - Restricted	616,700	604,400
Total Cash and Cash Equivalents	\$ 24,741,757	\$ 22,122,833

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and cash equivalents for the District as of December 31, 2022 and 2021 consist of the following:

	2022	2021
Cash on Hand	\$ 100	\$ 100
Deposits with Financial Institutions	622,336	889,539
Investments	24,119,321	21,233,194
Total Cash and Investments	\$ 24,741,757	\$ 22,122,833

Cash and investments as of December 31, 2022 and 2021 are classified in the accompanying financial statements of LFMSDD as follows:

	2022	2021
Statement of Net Position:		
Cash and Cash Equivalents	\$ 1,300,183	\$ 1,355,632
Cash and Cash Equivalents - Restricted	47,400	46,300
Total Cash and Cash Equivalents	\$ 1,347,583	\$ 1,401,932

Cash and cash equivalents for LFMSDD as of December 31, 2022 and 2021 consist of the following:

	2022	2021
Deposits with Financial Institutions	\$ 156,351	\$ 429,972
Investments	1,191,232	971,960
Total Cash and Investments	\$ 1,347,583	\$ 1,401,932

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2022, the District's cash deposits had a bank balance of \$630,233 and a carrying balance of \$622,436. As of December 31, 2021, the District's cash deposits had a bank balance of \$897,006 and a carrying balance of \$889,639.

As of December 31, 2022, LFMSDD's cash deposits had a bank balance of \$162,408 and a carrying balance of \$156,351. As of December 31, 2021, LFMSDD's cash deposits had a bank balance of \$430,129 and a carrying balance of \$429,972.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2022 and 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>	
		<u>2022</u>	<u>2021</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 21,601,439	\$ 18,758,608
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	2,517,882	2,474,586
Total		<u>\$ 24,119,321</u>	<u>\$ 21,233,194</u>

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2022 and 2021, LFMSDD had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>	
		<u>2022</u>	<u>2021</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 1,191,232</u>	<u>\$ 971,960</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable net asset value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

COLOTRUST (CONTINUED)

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable net asset value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AA Af/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 CAPITAL ASSETS

Capital asset activity of the District for the year ended December 31, 2022 was as follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 52,867	\$ 275,000	\$ 182,099	\$ 145,768
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	52,867	275,000	182,099	145,768
Capital Assets Being Depreciated:				
Sewer Lines and Lagoons Treatment Plant and Sewage Control	10,898,425	1,082,680	-	11,981,105
Building and Improvements	6,682,060	-	-	6,682,060
Equipment	5,830,957	-	275,000	5,555,957
Land Improvements	1,833,880	8,465	-	1,842,345
Total Capital Assets Being Depreciated	29,765	-	-	29,765
Total Capital Assets Being Depreciated	25,275,087	1,091,145	275,000	26,091,232
Less Accumulated Depreciation For:				
Sewer Lines and Lagoons Treatment Plant and Sewage Control	(4,385,936)	(309,617)	-	(4,695,553)
Building and Improvements	(4,437,966)	(185,267)	-	(4,623,233)
Equipment	(519,182)	(179,417)	-	(698,599)
Land Improvements	(1,325,506)	(172,860)	-	(1,498,366)
Total Accumulated Depreciation	(29,765)	-	-	(29,765)
Total Accumulated Depreciation	(10,698,355)	(847,161)	-	(11,545,516)
Total Capital Assets Being Depreciated	14,576,732	243,984	275,000	14,545,716
Capital Assets, Net	<u>\$ 14,629,599</u>	<u>\$ 518,984</u>	<u>\$ 457,099</u>	<u>\$ 14,691,484</u>

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Capital asset activity of the District for the year ended December 31, 2021 was as follows:

	Balance - December 31, 2020	Increases	Decreases	Balance - December 31, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 52,867	\$ -	\$ -	\$ 52,867
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	52,867	-	-	52,867
Capital Assets Being Depreciated:				
Sewer Lines and Lagoons Treatment Plant and Sewage Control	10,280,479	617,946	-	10,898,425
Building and Improvements	6,682,060	-	-	6,682,060
Equipment	5,830,957	-	-	5,830,957
Land Improvements	1,752,788	87,990	6,898	1,833,880
Total Capital Assets Being Depreciated	29,765	-	-	29,765
Total Capital Assets Being Depreciated	24,576,049	705,936	6,898	25,275,087
Less Accumulated Depreciation For:				
Sewer Lines and Lagoons Treatment Plant and Sewage Control	(4,118,426)	(267,510)	-	(4,385,936)
Building and Improvements	(4,251,125)	(186,841)	-	(4,437,966)
Equipment	(330,598)	(188,584)	-	(519,182)
Land Improvements	(1,160,096)	(172,308)	(6,898)	(1,325,506)
Total Accumulated Depreciation	(29,765)	-	-	(29,765)
Total Accumulated Depreciation	(9,890,010)	(815,243)	(6,898)	(10,698,355)
Total Capital Assets Being Depreciated	14,686,039	(109,307)	-	14,576,732
Capital Assets, Net	<u>\$ 14,738,906</u>	<u>\$ (109,307)</u>	<u>\$ -</u>	<u>\$ 14,629,599</u>

Depreciation expense of the District for the years ended December 31, 2022 and 2021 was charged to the following operations:

	2022	2021
Sewer Lines and Lagoons	\$ 309,617	\$ 267,510
Treatment Plant and Sewage Control	185,267	186,841
Building and Improvements	179,417	188,584
Equipment	172,860	172,308
Total Depreciation Expense	<u>\$ 847,161</u>	<u>\$ 815,243</u>

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Capital asset activity of LFMSDD for the year ended December 31, 2022 was as follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 291,375	\$ -	\$ -	\$ 291,375
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	291,375	-	-	291,375
Capital Assets Being Depreciated:				
Sewer Lines and Lagoons Treatment Plant and Sewage Control	8,321,603	139,511	-	8,461,114
Equipment	34,085,760	7,780	-	34,093,540
	119,702	6,290	-	125,992
Total Capital Assets Being Depreciated	42,527,065	153,581	-	42,680,646
Less Accumulated Depreciation For:				
Sewer Lines and Lagoons Treatment Plant and Sewage Control	(1,285,212)	(166,432)	-	(1,451,644)
Equipment	(6,153,336)	(852,144)	-	(7,005,480)
	(46,270)	(24,779)	-	(71,049)
Total Accumulated Depreciation	(7,484,818)	(1,043,355)	-	(8,528,173)
Total Capital Assets Being Depreciated	35,042,247	(889,774)	-	34,152,473
Capital Assets, Net	<u>\$ 35,333,622</u>	<u>\$ (889,774)</u>	<u>\$ -</u>	<u>\$ 34,443,848</u>

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Capital asset activity of LFMSDD for the year ended December 31, 2021 was as follows:

	Balance - December 31, 2020	Increases	Decreases	Balance - December 31, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 291,375	\$ -	\$ -	\$ 291,375
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	291,375	-	-	291,375
Capital Assets Being Depreciated:				
Sewer Lines	8,144,673	176,930	-	8,321,603
Treatment Plant and Sewage Control	34,074,246	11,514	-	34,085,760
Equipment	83,121	36,581	-	119,702
Total Capital Assets Being Depreciated	42,302,040	225,025	-	42,527,065
Less Accumulated Depreciation For:				
Sewer Lines and Lagoons	(1,122,319)	(162,893)	-	(1,285,212)
Treatment Plant and Sewage Control	(5,301,480)	(851,856)	-	(6,153,336)
Equipment	(27,897)	(18,373)	-	(46,270)
Total Accumulated Depreciation	(6,451,696)	(1,033,122)	-	(7,484,818)
Total Capital Assets Being Depreciated	35,850,344	(808,097)	-	35,042,247
Capital Assets, Net	<u>\$ 36,141,719</u>	<u>\$ (808,097)</u>	<u>\$ -</u>	<u>\$ 35,333,622</u>

Depreciation expense of LFMSDD for the years ended December 31, 2022 and 2021 was charged to the following operations:

	2022	2021
Sewer Lines and Lagoons	\$ 166,432	\$ 162,893
Treatment Plant and Sewage Control	852,144	851,856
Equipment	24,779	18,373
Total Depreciation Expense	<u>\$ 1,043,355</u>	<u>\$ 1,033,122</u>

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM OBLIGATIONS

Long-term obligation activity for the years ended December 31, 2022 and 2021 was as follows:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Amounts Due Within One Year
2011 CWRPDA Loan	\$ 3,816,482	\$ -	\$ 327,796	\$ 3,488,686	\$ 327,796
Plus Loan Premium	72,644	-	10,770	61,874	9,983
Total Long-Term Obligations	<u>\$ 3,889,126</u>	<u>\$ -</u>	<u>\$ 338,566</u>	<u>\$ 3,550,560</u>	<u>\$ 337,779</u>
	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Amounts Due Within One Year
2011 CWRPDA Loan	\$ 4,138,425	\$ -	\$ 321,943	\$ 3,816,482	\$ 327,796
Plus Loan Premium	84,227	-	11,583	72,644	10,770
Total Long-Term Obligations	<u>\$ 4,222,652</u>	<u>\$ -</u>	<u>\$ 333,526</u>	<u>\$ 3,889,126</u>	<u>\$ 338,566</u>

Loan Agreements

On November 3, 2011, the District entered into an agreement to borrow \$7,097,680 from the Colorado Water Resources and Power Development Authority (CWRPDA) repayable in initial semi-annual installments of \$202,374 escalating to \$207,659 including servicing fee, principal and interest, at a gross interest rate of 2.23% per annum, maturing August 1, 2032, and secured by District revenues. In May of 2021, CWRPDA refunded certain bonds to generate savings for the District. The refunding savings for the District totaled \$244,760 and will be applied as payment credits to the District's upcoming loan repayments.

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the Loan Agreement:

- i. Failure by the District to pay, or cause to be paid, any Loan Repayment set forth in Schedule C of the Loan Agreement, required to be paid hereunder when due, which failure shall continue for a period often (10) days;
- ii. Failure by the District to make, or cause to be made, any required payments of principal of, redemption premium, if any, and interest on any bonds, notes or other obligations of the District for borrowed money (other than the Loan and the District Bond), after giving effect to the applicable grace period, the payments of which are secured by the Pledged Property;

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default (Continued)

- iii. Failure by the District to pay, or cause to be paid, the Administrative Fee or any portion thereof when due or to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraph (a) of this Section 5.01 and other than a failure to comply with the provisions of Section 2.03 of the Loan Agreement, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the District by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Trustee may not unreasonably withhold its consent to an extension of such time up to sixty (60) days from the delivery of the Written notice referred to above if corrective action is instituted by the District within the applicable period and diligently pursued until the Event of Default is corrected;
- iv. A petition is filed by or against the District under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the District such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal; or the District shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee of the District or any of its property) shall be appointed by court order to take possession of the District or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

Notice of Default

The District shall give the Trustee and the Authority prompt telephonic notice of the occurrence of any Event of Default referred to in Section 5.01(d) of the Loan Agreement, and of the occurrence of any other event or condition that constitutes an Event of Default at such time as any senior administrative or financial officer of the District becomes aware of the existence thereof. Such notice to be given to the person(s) at the telephone number(s) as identified by the Authority from time to time. Any telephonic notice pursuant to this Section 5.02 shall be confirmed in writing by the end of the next Business Day (as defined in the Bond Resolution).

Remedies of Default

Whenever an Event of Default referred to in Section 5.01 of the Loan Agreement shall have occurred and be continuing, the Authority shall have the right to take or to direct the Trustee to take any action permitted or required pursuant to the Loan Agreement and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation or agreement of the District hereunder, including, without limitation, to obtain ex parte the appointment of a receiver of the System.

As of December 31, 2022, the District was not in default.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The components of interest expense for this loan for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Interest	\$ 22,643	\$ 32,751
Administrative Fee	48,845	48,845
Total	<u>\$ 71,488</u>	<u>\$ 81,596</u>

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 327,796	\$ 39,568	\$ 367,364
2024	327,796	36,736	364,532
2025	333,650	34,168	367,818
2026	333,650	31,796	365,446
2027	339,503	29,263	368,766
2028-2032	1,826,291	73,716	1,900,007
Total	<u>\$ 3,488,686</u>	<u>\$ 245,247</u>	<u>\$ 3,733,933</u>

In addition to principal and interest, the District pays \$48,845 annually in administration/servicing fees, which are reduced in 2030, 2031, and 2032 to \$36,634, \$24,423, and \$12,211, respectively. There are a number of covenants and restrictions contained in the note payable agreement, including a provision that a reserve equal to three months of operations and maintenance expenses be maintained by the District. The District was in compliance with all covenants and restrictions as of December 31, 2022 and 2021.

NOTE 6 INTERGOVERNMENTAL AGREEMENTS

City of Fountain Colorado

The District has a service contract with the city of Fountain Colorado, a municipal corporation and home rule city on behalf of its utility enterprise, the city of Fountain Electric, Water, and Wastewater Enterprise (the City). Under the terms of the contract, the City through its utility enterprise performs billing, collection, customer service turn on and turn offs, reports, new account sign up for the District. For the years ended December 31, 2022 and 2021, the City service fees were \$65,578 for each year.

Lower Fountain Metropolitan Sewage Disposal District

Intergovernmental Agreement

The District is party to an intergovernmental agreement with LFMSDD. The agreement obligates the District to fund its proportionate share of the cost of constructing and operating a regional treatment facility and interceptor sewer, which will increase the treatment capacity of the District to meet anticipated future needs. The District contributed \$-0- and \$187,500 to LFMSDD for the years ended December 31, 2022 and 2021, respectively.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 6 INTERGOVERNMENTAL AGREEMENTS (CONTINUES)

Lower Fountain Metropolitan Sewage Disposal District (Continued)

Operating Services Agreement

On May 11, 2010, the District entered into an operating services agreement with LFMSDD. The District agrees to provide management and operational services for LFMSDD as set forth in the agreement. The initial term of this agreement shall end on December 31, 2010. Contingent upon the appropriation of funds necessary to meet the responsibilities of each party to this agreement, the agreement shall be automatically extended for successive one-year terms, commencing January 1 of each year, unless notice of nonrenewal is given by either party not less than one hundred eighty (180) days prior to the end of the existing term. LFMSDD paid the District a total of \$654,876 and \$606,603 for operating and administrative services during the years ended December 31, 2022 and 2021, respectively.

NOTE 7 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022 and 2021, the District had the following net investment in capital assets, calculated as follows:

	2022	2021
Net Investment in Capital Assets:		
Invested in Capital Assets	\$ 26,237,000	\$ 25,327,954
Less Depreciation	(11,545,516)	(10,698,355)
Net Investment in Capital Assets	\$ 14,691,484	\$ 14,629,599

Restricted assets include net position that are restricted for use either externally by creditors, granters, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2022 and 2021 as follows:

	2022	2021
Restricted Net Position:		
Emergency Reserves	\$ 114,900	\$ 96,900
Note Payable Requirements	501,800	507,500
Total Restricted Net Position	\$ 616,700	\$ 604,400

LFMSDD has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 7 NET POSITION (CONTINUED)

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022 and 2021, LFMSDD had the following net investment in capital assets, calculated as follows:

	2022	2021
Net Investment in Capital Assets:		
Invested in Capital Assets	\$ 42,972,021	\$ 42,818,440
Less Depreciation	(8,528,173)	(7,484,818)
Net Investment in Capital Assets	\$ 34,443,848	\$ 35,333,622

Restricted assets include net position that are restricted for use either externally by creditors, granters, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. LFMSDD had restricted net position as of December 31, 2022 and 2021 as follows:

	2022	2021
Restricted Net Position:		
Emergency Reserves	\$ 47,400	\$ 46,300

Unrestricted net position consist of net assets that do not meet the definition of invested in capital assets or restricted.

NOTE 8 BOARD-DESIGNATED CASH BALANCES

The District’s Board of Directors has chosen to designate the unrestricted cash balance for specific future needs to reflect the expected future use of available resources. These designations are nonbinding and subject to change.

- Designated for capital outlay – Represents an amount reserved for future capital outlay.
- Designated for renewal and replacement – Represents amounts to be used to secure financing for aging infrastructure within the existing system.
- Designated for note payable and liabilities – Represents amounts needed in the future to repay note payable and other liabilities.
- Designated for operations – Represents amounts set aside for operational expenses as determined by the Board of Directors.
- Designated for LFMSDD – Represents amounts designated to be used to fund construction and improvements of the treatment plant and interceptor sewer.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 BOARD-DESIGNATED CASH BALANCES (CONTINUED)

Cash balances designated by the Board of Directors are as follows:

	Balance 1/1/22	Additions/ Dispositions	Balance 12/31/22
Capital Outlay	\$ 10,122,196	\$ 521,416	\$ 10,643,612
Renewal and Replacement	2,843,055	686,578	3,529,633
Notes Payable and Liabilities	4,665,726	(374,554)	4,291,172
Operations	1,549,239	1,097,622	2,646,861
LFMSDD	3,012,179	-	3,012,179
Total	<u>\$ 22,192,395</u>	<u>\$ 1,931,062</u>	<u>\$ 24,123,457</u>

NOTE 9 RETIREMENT PLANS

Defined Contribution Pension Plan

The District participates in the Colorado County Officials and Employees Retirement Association (CCOERA), a multiple employer defined contribution plan, to which permanent employees contribute. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become plan members after one year of regular full-time, or regular part-time service. Under this plan, 5% of the plan members' compensation is withheld and remitted to the Plan Administrator along with a matching payment of 5% from the District. Both the District and employees match are 100% vested at the time of contribution.

Contributions to the retirement plan for the years ended December 31, 2022 and 2021 was \$54,144 and \$53,989, respectively.

There is no liability for benefits under the plan beyond the District's matching payments.

Deferred Compensation Plan

The District maintains a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by CCOERA. The plan allows the employee to defer a portion of their salary until future years. Effective January 1, 2020, the District will contribute up to a maximum of 3% of the employee's annual salary provided the employee contributes up to 3% of their salary. The assets held are not material to the statements of net position. There is no liability for benefits under the plan beyond the District's payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors.

Contributions to the retirement plan for the years ended December 31, 2022 and 2021 were \$28,737 and \$28,975, respectively.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2022 and 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 the 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 11 TAX, SPENDING, AND DEBT LIMITATIONS

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% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

Prior to TABOR, sewer tap fees paid by customers were treated as contributions in aid of construction in fund equity. With the passing of TABOR, the appropriate treatment of tap fees was ambiguous. On May 7, 1996, an election was held whereby the voters in the District authorized the District to retain and spend revenues collected in 1993 and thereafter, which were in excess of the spending limits previously established by TABOR. Accordingly, tap fees have been classified as capital contributions.

**FOUNTAIN SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an Enterprise will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**FOUNTAIN SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
FOUNTAIN SANITATION
BUDGET COMPARED TO ACTUAL
CASH BASIS
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Sewage Charges	\$ 1,699,469	\$ 2,151,703	\$ 452,234
Property Taxes	1,226,035	1,227,442	1,407
Specific Ownership Taxes	45,000	129,928	84,928
Tap Fees	30,000	111,841	81,841
Interest Income	19,533	293,371	273,838
Miscellaneous Income	250	158,266	158,016
Total Revenues	3,020,287	4,072,551	1,052,264
EXPENDITURES			
Sewage Collection and Transmission:			
Personnel Services	266,092	258,769	7,323
Supplies	18,250	12,223	6,027
Repairs and Maintenance	85,740	22,790	62,950
Purchased Services	33,500	25,694	7,806
Utilities	20,429	4,513	15,916
System Renewal and Replacement Projects	103,750	79,194	24,556
Capital Outlay	385,000	237,118	147,882
Total Sewage Collection and Transmission	912,761	640,301	272,460
Sewer Treatment Plant:			
Personnel Services	463,600	365,198	98,402
Supplies	46,508	17,862	28,646
Repairs and Maintenance	110,479	14,052	96,427
Purchased Services	121,125	85,486	35,639
Utilities	120,250	87,766	32,484
Facility Renewal and Replacement Projects	82,472	27,108	55,364
Capital Outlay	152,750	47,871	104,879
Total Sewer Treatment Plant	1,097,184	645,343	451,841
Sewage Administration:			
Personnel Services	484,022	453,035	30,987
Supplies	37,250	33,054	4,196
Repairs and Maintenance	30,000	3,398	26,602
Purchased Services	186,820	103,401	83,419
Utilities	52,457	44,158	8,299
Fixed Charges	156,793	148,884	7,909
County Treasurer's Fees	25,500	18,412	7,088
Renewal and Replacement Projects	22,500	-	22,500
Capital Outlay	15,000	1,154	13,846
Transfer from JCC	-	556	(556)
Total Sewage Administration	1,010,342	806,052	204,290
Total Expenditures	3,020,287	2,091,696	928,591
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ 1,980,855	\$ 1,980,855
Funds Available - Beginning of Year	-	-	-
FUNDS AVAILABLE - END OF YEAR	\$ -	\$ 1,980,855	\$ 1,980,855

**FOUNTAIN SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF REVENUES
AND EXPENDITURES – FOUNTAIN SANITATION
YEAR ENDED DECEMBER 31, 2022**

The accompanying Supplementary Schedule of Revenues and Expenditures – Budget Compared to Actual for Fountain Sanitation on page 29 presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of differences in revenues and expenditures for the year ended December 31, 2022 is presented below.

Total Revenue per Financial Statements (Operating and Nonoperating Revenue)	\$ 3,795,406
Add:	
Revenue Accruals and Noncash Adjustments at December 31, 2021	151,998
Proceeds from Sale of Capital Assets	299,982
Less:	
Revenue Accruals and Noncash Adjustments at December 31, 2022	<u>(174,835)</u>
Total Actual Revenue and Receipts per the Budget	<u>\$ 4,072,551</u>
Total Expenses and Capital Expenditures per Financial Statements	\$ 2,231,786
Add:	
Expenses and Capital Expenditures Accruals and Noncash Adjustments at December 31, 2021	82,250
Gain on Disposal of Capital Assets	117,883
Capital Expenditures	440,775
Less:	
Expenses and Capital Expenditures Accruals and Noncash Adjustments at December 31, 2022	(172,473)
Depreciation and Amortization Expenses	<u>(608,525)</u>
Total Actual Expenses and Capital Expenditures per the Budget	<u>\$ 2,091,696</u>

**FOUNTAIN SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES –
JIMMY CAMP CREEK ENTERPRISE
BUDGET COMPARED TO ACTUAL – CASH BASIS
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Sewage Charges	\$ 2,478,849	\$ 2,229,757	\$ (249,092)
Tap Fees	123,500	332,165	208,665
IGA Contract Service Revenue - LFMSDD	605,438	645,371	39,933
Interest Income	18,493	110,702	92,209
Miscellaneous Income	250	151,851	151,601
Total Revenues	<u>3,226,530</u>	<u>3,469,846</u>	<u>243,316</u>
EXPENDITURES			
Sewage Collection and Transmission:			
Personnel Services	266,092	266,487	(395)
Supplies	18,250	12,423	5,827
Repairs and Maintenance	54,983	20,445	34,538
Purchased Services	33,500	23,451	10,049
Utilities	12,500	4,604	7,896
System Renewal and Replacement Projects	123,750	96,793	26,957
Capital Outlay	392,918	245,518	147,400
Capital Contributions LFMSDD	3,500	-	3,500
Total Sewage Collection and Transmission	<u>905,493</u>	<u>669,721</u>	<u>235,772</u>
Sewer Treatment Plant:			
Personnel Services	1,425,578	1,515,666	(90,088)
Supplies	21,525	9,633	11,892
Repairs and Maintenance	45,500	6,393	39,107
Purchased Services	63,875	45,587	18,288
Utilities	64,750	47,259	17,491
Facility Renewal and Replacement Projects	54,200	14,596	39,604
Capital Outlay	93,540	19,142	74,398
Capital Contributions LFMSDD	50,000	-	50,000
Total Sewer Treatment Plant	<u>1,818,968</u>	<u>1,658,276</u>	<u>160,692</u>
Sewage Administration:			
Personnel Services	34,361	25,673	8,688
Debt Service Payments	467,708	399,284	68,424
Transfer to FSD	-	(556)	556
Total Sewage Administration	<u>502,069</u>	<u>424,401</u>	<u>77,668</u>
Total Expenditures	<u>3,226,530</u>	<u>2,752,398</u>	<u>474,132</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ 717,448</u>	<u>\$ 717,448</u>
Funds Available - Beginning of Year	-	-	-
FUNDS AVAILABLE - END OF YEAR	<u>\$ -</u>	<u>\$ 717,448</u>	<u>\$ 717,448</u>

**FOUNTAIN SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF REVENUES
AND EXPENDITURES – JIMMY CAMP CREEK ENTERPRISE
YEAR ENDED DECEMBER 31, 2022**

The accompanying Supplementary Schedule of Revenues and Expenditures – Budget Compared to Actual for Jimmy Camp Creek Enterprise on page 31 presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of differences in revenues and expenditures for the year ended December 31, 2022 is presented below.

Total Revenue per Financial Statements (Operating and Nonoperating Revenue)	\$ 3,846,165
Add:	
Revenue Accruals and Noncash Adjustments at December 31, 2021	270,118
Less:	
Revenue Accruals and Noncash Adjustments at December 31, 2022	(260,072)
Capital Contributions	<u>(386,365)</u>
Total Actual Revenue and Receipts per the Budget	<u><u>\$ 3,469,846</u></u>
Total Expenses and Capital Expenditures per Financial Statements	\$ 2,318,662
Add:	
Principal Payment on Bonds	327,796
Amortization on Bond Premium	10,770
Expenses and Capital Expenditures Accruals and Noncash Adjustments at December 31, 2021	168,091
Capital Expenditures	743,272
Less:	
Expenses and Capital Expenditures Accruals and Noncash Adjustments at December 31, 2022	(576,387)
Depreciation and Amortization Expenses	<u>(239,806)</u>
Total Actual Expenses and Capital Expenditures per the Budget	<u><u>\$ 2,752,398</u></u>

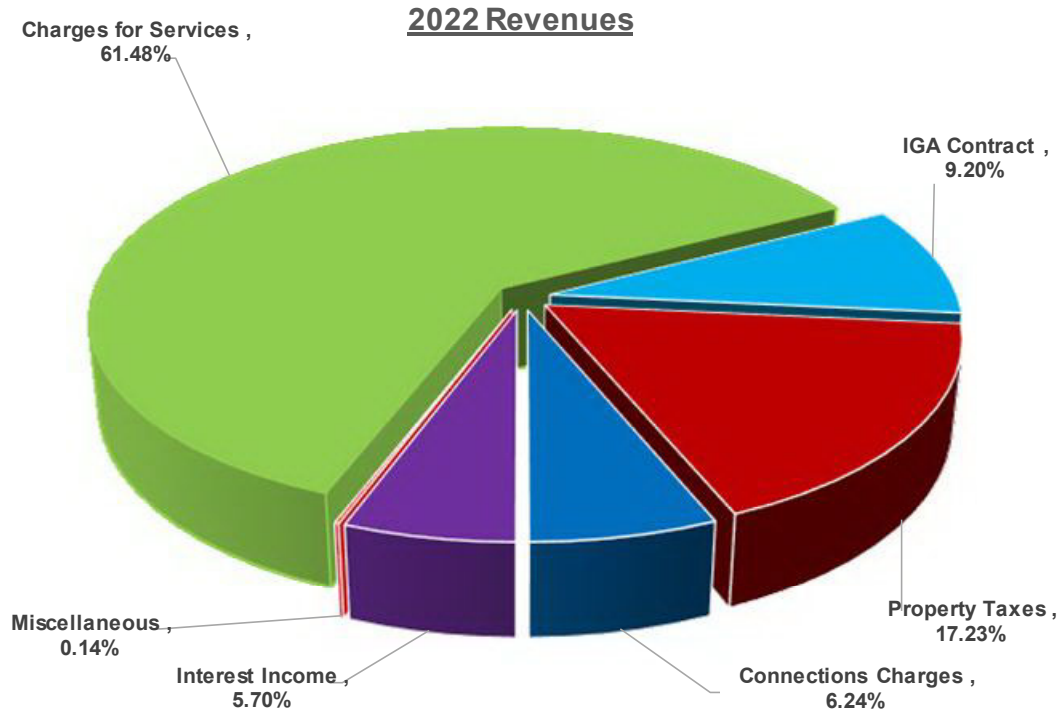
**FOUNTAIN SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2022**

\$6,860,303 Loan Dated
November 1, 2011 Colorado
Water Resources and Power
Development Authority Gross Rates of
2.23% Principal and
Interest Payable February 1
and August 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 327,796	\$ 39,568	\$ 367,364
2024	327,796	36,736	364,532
2025	333,650	34,168	367,818
2026	333,650	31,796	365,446
2027	339,503	29,263	368,766
2028	339,503	24,321	363,824
2029	345,357	19,528	364,885
2030	362,917	14,803	377,720
2031	380,478	9,996	390,474
2032	398,036	5,068	403,104
Total	<u>\$ 3,488,686</u>	<u>\$ 245,247</u>	<u>\$ 3,733,933</u>

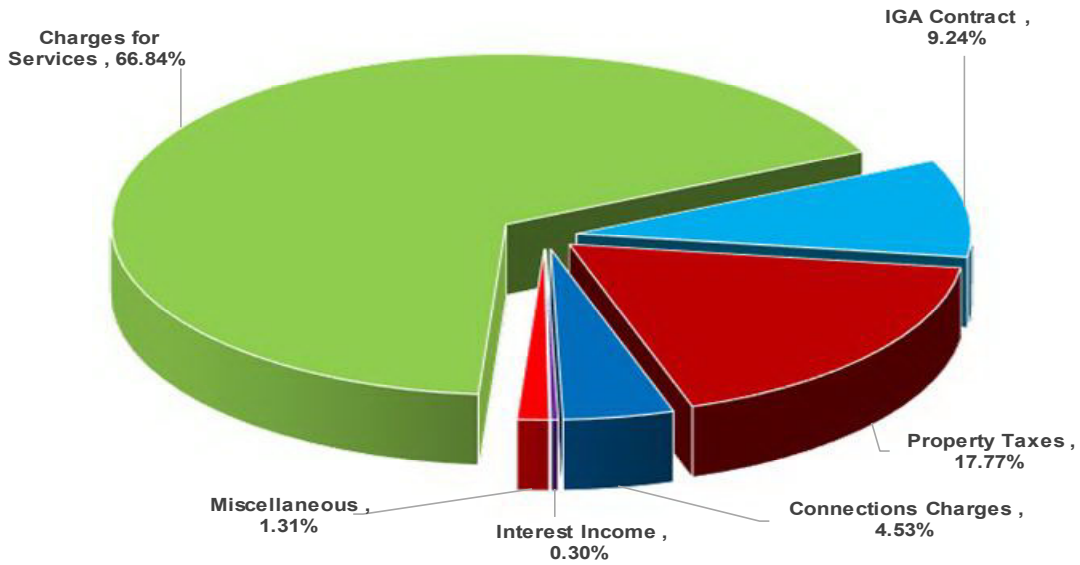
OTHER INFORMATION

**FOUNTAIN SANITATION DISTRICT
SCHEDULE I
REVENUES BY CATEGORY
YEARS ENDED DECEMBER 31, 2022 AND 2021**



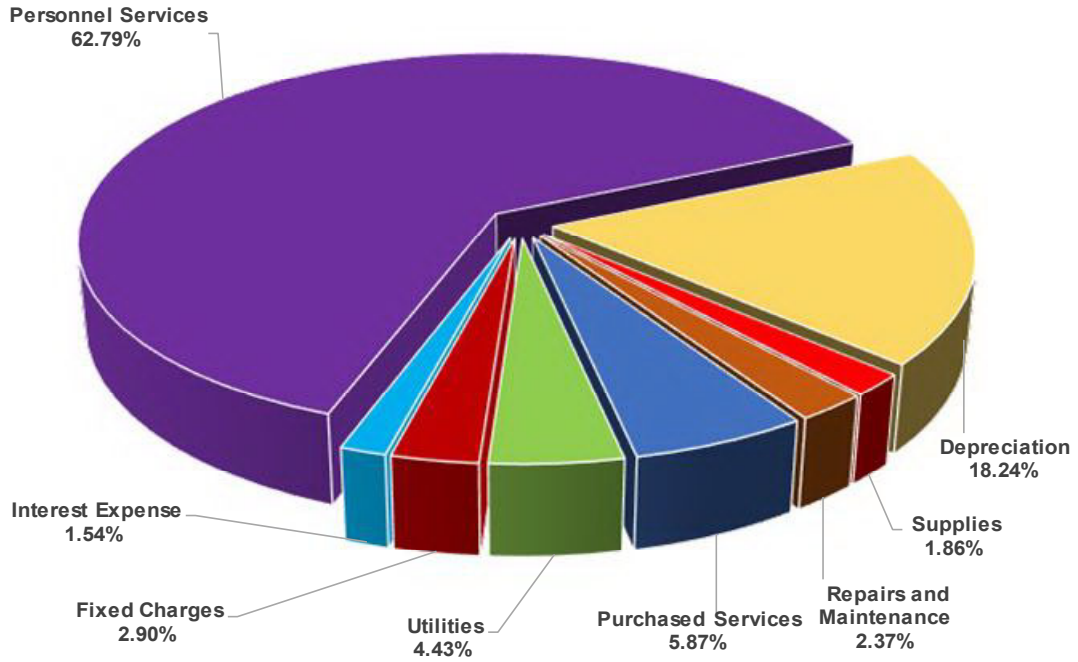
**FOUNTAIN SANITATION DISTRICT
SCHEDULE I
REVENUES BY CATEGORY
YEARS ENDED DECEMBER 31, 2022 AND 2021**

2021 Revenues



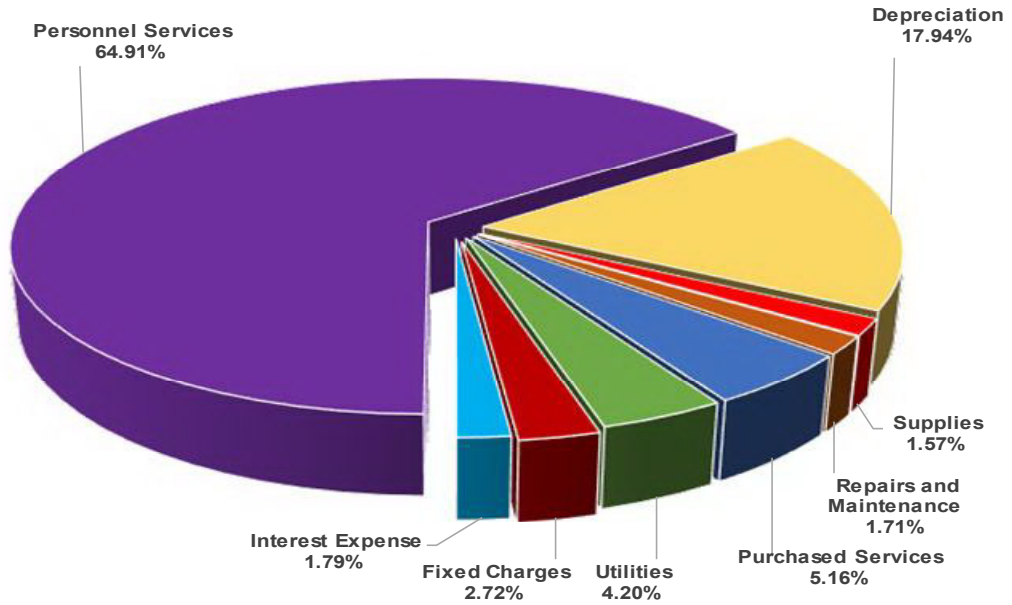
**FOUNTAIN SANITATION DISTRICT
SCHEDULE II
EXPENSES BY CATEGORY
YEARS ENDED DECEMBER 31, 2022 AND 2021**

2022 Expenses

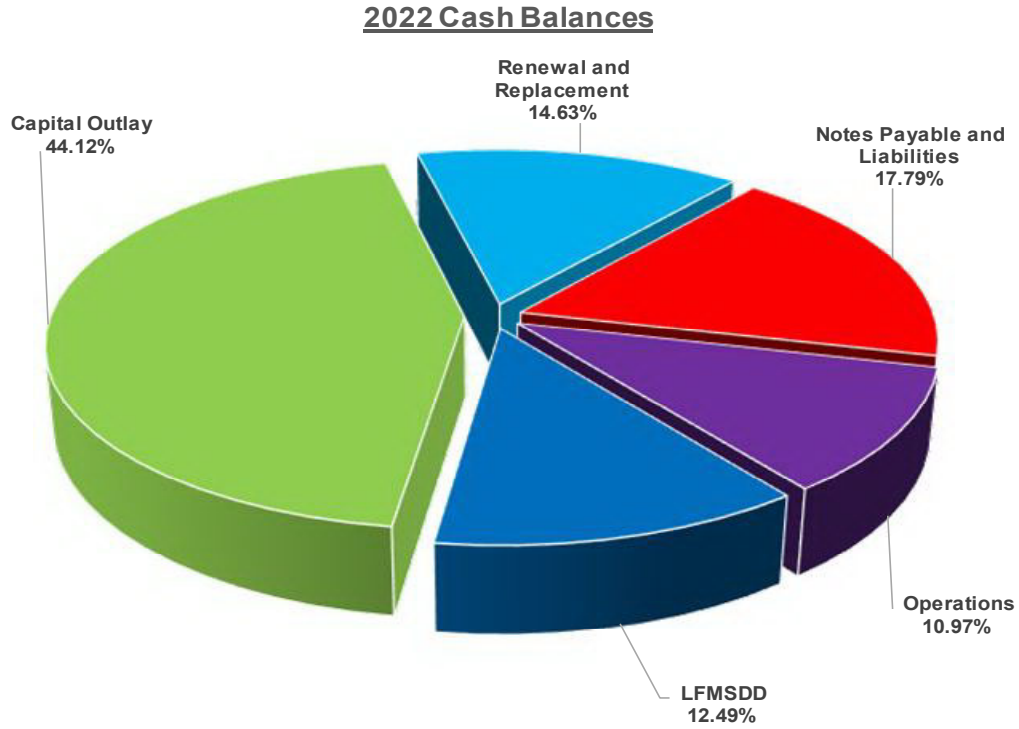


**FOUNTAIN SANITATION DISTRICT
SCHEDULE II
EXPENSES BY CATEGORY
YEARS ENDED DECEMBER 31, 2022 AND 2021**

2021 Expenses



**FOUNTAIN SANITATION DISTRICT
SCHEDULE III
CASH BALANCES DESIGNATED BY BOARD OF DIRECTORS
YEARS ENDED DECEMBER 31, 2022 AND 2021**



**FOUNTAIN SANITATION DISTRICT
SCHEDULE III
CASH BALANCES DESIGNATED BY BOARD OF DIRECTORS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

