

NOTICE OF REGULAR MEETING OF SPRING CANYON WATER AND SANITATION DISTRICT

This meeting is being held via telephone and video conference and may be joined the following ways:

Join Via Web Browser:

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NOTICE IS HEREBY GIVEN that a Regular Meeting of the Board of Directors of the Spring Canyon Water and Sanitation District, Larimer County, Colorado, has been scheduled for Wednesday, July 26, 2023 at 6:00 p.m. via teleconference.

Board of Directors

Tim Schmitt, President/Chairman

Term Expires: May 2027

Richard Emery, Vice President/Vice Chairman

Term Expires: May 2025

Tim Mather, Director

Term Expires: May 2025

James Gerard, Treasurer

Term Expires: May 2027

Chris Goemans, Director

Term Expires: May 2027

AMENDED AGENDA

A. ADMINISTRATIVE MATTERS

- A. Call to Order
- B. Declaration of Quorum/Director Qualifications/Conflicts of Interest
- C. Approval of Agenda
- D. Approval of Minutes from June 28, 2023
- E. Public Comments, limited to three minutes per person.

B. FINANCIAL MATTERS

- A. Consideration of June2023 Disbursements
- B. Presentation FY 2022 Audit
- C. 2023 Second Quarter Financials

C. OPERATIONS AND MAINTENANCE MATTERS

- A. Engineer's Report
- B. Operations Report

D. MANAGEMENT MATTERS

- A. Manager's Report

E. EXECUTIVE SESSION - Pursuant to C.R.S. 24-6-402 (4)(e) determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and /or instructing negotiators

*The next regular meeting is scheduled for August 23, 2023 at 6:00 p.m.

By/s/ Darla Howard, Secretary for the meeting

MINUTES OF THE REGULAR MEETING OF
SPRING CANYON WATER AND SANITATION DISTRICT
HELD
June 28, 2023

The Regular Meeting of the Board of Directors of Spring Canyon Water and Sanitation District was held via teleconference on Wednesday, June 28, 2023, at 6:00 p.m.

ATTENDANCE

Directors in Attendance

Tim Schmitt, President
Rick Emery, Vice President
Chris Goemans, Director

Excused Absence

Tim Mather, Director

Unexcused Absence

JJ Gerard, Treasurer

Also, In Attendance

Chris Olson, Darla Howard, Tayler Pelletier SCWSD
Jennifer Ondracek, Pinnacle Consulting Group
Justin Beckner, CivilWorx
Others:

**ADMINISTRATIVE
MATTERS**

Call to Order -The Regular Meeting of the Board of Directors of Spring Canyon Water & Sanitation District was called to order by Chairman Schmitt 6:02 p.m. He noted that a quorum was present. All Directors also confirmed their qualifications to serve on the Board, and that prior to the meeting they had been notified of the meeting.

Agenda - Upon motion duly made by Director Emery, and seconded by Director Goemans, it was unanimously

RESOLVED to approve the June 28, 2023 agenda as presented.

Approval of Minutes -The Directors reviewed the minutes of the May 24, 2023 Regular Meeting. Upon motion duly made by Director Emery, and seconded by Director Goemans, it was unanimously

RESOLVED to approve the Minutes of the May 24, 2023 Regular Meeting.

Public Comments -

**FINANCIAL
MATTERS**

Disbursements – The Directors reviewed the May 2023 Disbursements identified by checks #3635 through #3669 totaling \$70,451.44. Upon motion duly made by Director Emery, and seconded by Director Goemans, it was unanimously

RESOLVED to ratify the May 2023 Disbursements totaling \$70,451.44.

Fiscal Year 2022 Audit – Ms. Ondracek advised the Directors that the audit is not ready for presentation. She confirmed that as of June 28, 2023 Wipfli has received all items from Pinnacle Consulting and the audit is in review process. She requested District management and staff follow up with the auditor regarding receipt of the draft audit and whether they will present it to the Directors at the July meeting in order to meet the filing deadline of July 30, 2023.

**OPERATIONS
AND
MAINTENANCE
MATTERS**

Engineer's Report -. The Directors reviewed the Engineer's Report provided by Justin Beckner. The Holiday Loop Project is on track to meet the completion date of July 15, 2023 in spite of numerous rain delays. Mr. Beckner thanked the Directors for a productive work session earlier in June.

Operations Report – The Directors reviewed the Operations Report prepared by Tayler Pelletier.

**MANAGEMENT
MATTERS**

Manager Olson reviewed his report with the Directors, along with special thanks to Director Emery for his oversight of the sale of the property.

NEXT MEETING

The next Regular Board Meeting is scheduled for Wednesday, July 26, 2023.

ADJOURNMENT

Upon motion duly made by Director Emery, seconded by Director Goemans, it was unanimously

RESOLVED to adjourn the meeting at 6:38 p.m.

Respectfully submitted,

Darla Howard

Darla Howard, Secretary for the Meeting

**Spring Canyon Water Sanitation District
June 2023 Disbursements**

<u>Check No.</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
E-pay	United States Treasury	FIT taxes	\$5,170.58
3670	Anthony A Cruz	Payroll	\$1,759.89
3671	Chris Goemans	Board meeting	\$69.26
3672	Chris S. Olson	Salary	\$2,790.51
3673	Darla Howard	Payroll	\$2,213.62
3674	James Gerard	Board meeting	\$69.27
3675	Rick Emery	Board meeting	\$69.26
3676	Taylor E. Pelletier	Payroll	\$2,328.12
3677	Tim Mather	Board meeting	\$69.26
3678	Tim Schmitt	Board meeting	\$69.26
3679	DES Pipeline Maintenance	Sanitary overflow cleanup/disposal	\$2,200.00
3680	Great West Life & Annuity	Deferred compensation contribution	\$337.08
3681	Verizon	Phone and cell services	\$181.57
3682	Continental West HOA	Annual HOA fees	\$300.00
3683	DES Pipeline Maintenance	Wet well cleaning	\$2,525.00
3684	First Bank	Gas, Microsoft, Dist & Collection materials	\$1,395.98
3685	HOA Expert	Annual website hosting	\$300.00
3686	InvisionGIS	GIS Project coordination & meeting	\$603.75
3687	Ramey Environmental	LS #6 replumbing	\$1,946.25
3689	UNCC	Localte request service	\$21.93
3690	Amazon Capital Services	Office supplies	\$145.88
3691	CEGR Law	Legal expense	\$455.00
3692	Dana Kepner	Remote read meter maintenance contract	\$2,438.00
3693	Frontier Business Products	Copier/printer maintenance contract	\$57.12
3694	Timber Line Electric	SCADA software renewal	\$720.00
3695	Tree Works LLC	Tree removal	\$2,400.00
3696	Darla N. Howard	Reimburse mileage expense	\$188.64
3697	Anthony A Cruz	Payroll	\$1,693.00
3698	Chris S. Olson	Salary	\$2,877.04
3699	Darla Howard	Payroll	\$2,019.86
3700	Taylor E. Pelletier	Payroll	\$1,994.78
3701	Chris Goemans	Work Session	\$69.26
3702	James Gerard	work Session	\$69.26
3703	Rick Emery	Work Session	\$69.26
3704	Tim Mather	Work Session	\$69.26
3705	Tim Schmitt	Work Session	\$69.26
3706	USPS	Billing postage	\$188.64
Total June 2023 Disbursements			\$39,944.85

Spring Canyon Water and Sanitation District

Financial Statements and Supplementary Information
with Independent Auditor's Report

Year Ended December 31, 2022

Draft

Spring Canyon Water and Sanitation District
INDEPENDENT AUDITOR'S REPORT

Draft

Spring Canyon Water and Sanitation District

BASIC FINANCIAL STATEMENTS

Draft

Spring Canyon Water and Sanitation District
STATEMENT OF NET POSITION
December 31, 2022

ASSETS	
Current Assets:	
Cash and investments	\$ 2,209,911
Cash and investments - restricted	267,144
Accounts receivable - service fees	129,299
Property taxes receivable	74,027
Other receivables	491
Other current assets	20,803
Total current assets	<u>2,701,675</u>
Capital assets not being depreciated	533,162
Capital assets being depreciated, net	<u>4,490,672</u>
Total capital assets	<u>5,023,834</u>
TOTAL ASSETS	<u>\$ 7,725,509</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 42,636
Current portion of long-term obligations	137,584
Accrued interest payable	6,597
Accrued salaries and benefits	31,019
Total current liabilities	<u>217,836</u>
Long-term obligations	
Long-term obligations	1,841,373
Accrued compensated absences	14,211
Total long-term liabilities	<u>1,855,584</u>
TOTAL LIABILITIES	<u>2,073,420</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	74,027
Total deferred inflows of resources	<u>74,027</u>
NET POSITION	
Net invested in capital assets	3,044,877
Restricted	267,144
Unrestricted	2,266,041
TOTAL NET POSITION	<u>\$ 5,578,062</u>

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

Spring Canyon Water and Sanitation District
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Year Ended December 31, 2022

OPERATING REVENUES	
Water and sanitary sewer services	\$ 1,103,830
Late fees and penalties	9,849
Miscellaneous income	<u>6,516</u>
Total operating revenues	<u>1,120,195</u>
 OPERATING EXPENSES	
General and administration	409,675
System operation	353,671
Depreciation	<u>202,621</u>
Total operating expenses	<u>965,967</u>
GAIN FROM OPERATIONS	<u>154,228</u>
 NONOPERATING REVENUE AND (EXPENSES)	
Property taxes	70,063
Specific ownership taxes	5,013
System improvement surcharge	445,412
Tap fees	34,425
Interest income	31,474
Interest expense	<u>(41,156)</u>
Total nonoperating revenue	<u>545,231</u>
CHANGE IN NET POSITION	699,459
NET POSITION - BEGINNING OF YEAR	<u>4,878,603</u>
NET POSITION - END YEAR	<u>\$ 5,578,062</u>

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

Spring Canyon Water and Sanitation District
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,094,316
Cash payments to employees for services	(193,927)
Cash payments to suppliers for goods and services	(620,437)
Net cash from operating activities	<u>279,952</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net property and specific ownership taxes received	75,076
System improvement surcharge fees received	445,412
Tap fees received	34,425
Acquisition of capital assets	(98,114)
Principal paid on general obligation debt	(134,874)
Interest paid on general obligation debt	(41,156)
Net cash from capital and related financing activities	<u>280,769</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	31,474
Net cash from investing activities	<u>31,474</u>
NET INCREASE IN CASH AND INVESTMENTS	592,195
CASH AND INVESTMENTS - BEGINNING OF YEAR	<u>1,884,860</u>
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 2,477,055</u>
 RECONCILIATION OF OPERATING GAIN TO NET CASH FROM OPERATING ACTIVITIES	
Operating gain	\$ 154,228
Adjustments to reconcile operating gain to cash flows from operating activities:	
Depreciation	202,621
(Increase) decrease in:	
Receivables	(29,245)
Other current assets	3,366
Increase (decrease) in:	
Accounts payable	(45,653)
Accrued salaries and benefits	6,548
Accrued compensated absences	6,609
Other current liabilities	(18,522)
Net cash from operating activities	<u>\$ 279,952</u>

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

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 1: Definition of Reporting Entity

Spring Canyon Water and Sanitation District (the “District”) was established under State of Colorado statutes as a quasi-municipal corporation and a political sub-division of the State of Colorado. The District is governed by a five-member Board of Directors pursuant to the provisions of the Colorado Special District Act. The District’s service area is located in Larimer County, Colorado.

The District’s primary function is to provide water and sanitary sewer services to the residents of the District. The majority of the District's operations and administrative functions are provided through contract service arrangements.

As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board (“GASB”), Statement No. 14, The Reporting Entity and GASB No. 39, Determining Whether Certain Organizations are Component Units.

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

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.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

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

Basis of Accounting – The District's financial statements maintained on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets; and payments on long- term obligations are recorded as reductions in liabilities. Tap fees are recorded as capital contribution revenue when received.

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 2: Summary of Significant Accounting Policies (Continued)

Operating revenues and expenses – The District distinguishes between operating revenues and expenses from non-operating 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 non-operating 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 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 total appropriation can only be modified upon completion of notification and publication requirements.

Cash equivalents – For purposes of the statements of cash flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Accounts receivable, allowance for doubtful accounts – User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Property Taxes – Property taxes are levied by the District 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 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 revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 2: Summary of Significant Accounting Policies (Continued)

Capital assets – Capital assets include water and sanitation operating systems and equipment and vehicles. Capital assets are defined by the District as those assets with an initial, individual cost of \$5,000 or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation or at the developer's cost.

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 capital assets, as applicable. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings and improvements	20-39 years
Water treatment and distribution system	5-50 years
Wastewater collection and treatment system	15-50 years
Equipment and software	3-7 years

Compensated absences – District employees earn a general leave benefit at the rate of 30 to 42 days per year based on length of service which is to be used for vacations, medical leave and holidays. Employees are generally allowed to accrue up to 70 days of unused general leave days each at the end of each calendar year. Compensated absences are recognized as current salary expense when earned.

Contributed capital – Tap fees and water resource fees are generally recorded as capital contribution revenue when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the developer's cost.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 2: Summary of Significant Accounting Policies (Continued)

Deferred Inflow/Outflow of Resources – In addition to liabilities, the statements of net position report 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

Note 3: Cash and Investments

Cash and investments are reflected on the Statement of Net Position at December 31, 2022 as follows:

Cash and investments	\$ 2,209,911
Cash and investments - restricted	267,144
Total cash and investments	\$ 2,477,055

Cash and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	\$ 146,723
Investments	2,330,332
Total cash and investments	\$ 2,477,055

At December 31, 2022, the District's cash deposits had bank balances of \$203,458 and a carrying balance of \$146,723.

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. As of December 31, 2022, the federal insurance limits were \$250,000. 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.

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 3: Cash and investments (Continued)

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2022, none of the District's bank balances were exposed to custodial credit risk, as amounts were either insured or collateralized.

Investments

The District's investment policy adopts state statutes regarding investments.

The District primarily limits its investments to local government investments pools, 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 or subject to custodial credit risk 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 and certain U.S. government agency securities
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds, money market funds, and COLOTRUST which are recorded at net asset value.

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 3: Cash and Investments (Continued)

As of December 31, 2022, the District had the following investment:

<u>Investment</u>	<u>Maturity</u>	
Colorado Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 2,330,332</u>

COLOTRUST

The District invests in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"), 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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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. 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. Colostrust is rated AAAM by Standard and Poor's. Colostrust records its investments at fair value and the District records its investment in Colostrust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted cash and investments

Restricted cash and investments represent funds available as of December 31, 2022, as follows:

TABOR	\$ 28,979
Capital reserve	<u>238,165</u>
Restricted cash and investments	<u><u>\$ 267,144</u></u>

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 4: Capital Assets

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

	Balance at January 1, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance at December 31, <u>2022</u>
<u>Capital assets not being depreciated:</u>				
Construction in Process	\$ 906,882	\$ 51,441	\$ 425,161	\$ 533,162
Total capital assets not being depreciated	<u>906,882</u>	<u>51,441</u>	<u>425,161</u>	<u>533,162</u>
<u>Capital assets being depreciated</u>				
Building and improvements	47,200	-	-	47,200
Water treatment and distribution system	5,334,629	471,834	-	5,806,463
Wastewater collection and treatment system	1,997,834	-	-	1,997,834
Equipment	110,266	-	-	110,266
Total capital assets being depreciated	<u>7,489,929</u>	<u>471,834</u>	<u>-</u>	<u>7,961,763</u>
<u>Accumulated Depreciation:</u>				
Building and improvements	25,241	1,386	-	26,627
Water treatment and distribution system	1,706,481	129,516	-	1,835,997
Wastewater collection and treatment system	1,472,084	63,357	-	1,535,441
Equipment	64,664	8,362	-	73,026
Total Accumulated Depreciation	<u>3,268,470</u>	<u>202,621</u>	<u>-</u>	<u>3,471,091</u>
Net capital assets being depreciated	<u>4,221,459</u>	<u>269,213</u>	<u>-</u>	<u>4,490,672</u>
Government type assets, net	<u>\$ 5,128,341</u>	<u>\$ 320,654</u>	<u>\$ 425,161</u>	<u>\$ 5,023,834</u>

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 5: Long Term Obligations

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
2015 Loan	\$ 1,640,447	\$ -	\$ 106,983	\$ 1,533,464	\$ 109,133
2016 Loan	233,004	-	14,001	219,003	14,282
2017 Loan	240,380	-	13,890	226,490	14,169
Total long-term obligations	<u>\$ 2,113,831</u>	<u>\$ -</u>	<u>\$ 134,874</u>	<u>\$ 1,978,957</u>	<u>\$ 137,584</u>

Loans payable - Colorado Water Resources and Power Development Authority ("CWRPDA")

2015 Loan

In April 2015, the District entered into a \$2,200,000 loan agreement ("2015 Loan Agreement") with CWRPDA, for the purpose of financing the construction of a permanent connection (the "Project") to the Fort Collins-Loveland Water District as further discussed in Note 7. The 2015 Loan requires semiannual payments, including interest at 2.0%, of \$68,168, due on May 1 and November 1, with a final payment due on May 1, 2035.

Under the terms of the 2015 Loan Agreement, the District is subject to certain covenants, including pledging revenue, with a minimum rate guarantee, generated from the water delivery system, and pledging to maintain a three-month reserve of the annual budget for operation and maintenance expenses. The District has restricted \$238,165 in satisfaction of the reserve requirement at December 31, 2022.

2016 Loan

In February 2016, the District entered into an additional \$300,000 loan agreement ("2016 Loan Agreement") with CWRPDA, for the purpose of financing additional costs associated with the Project. The 2016 Loan Agreement requires semiannual payments, including interest at 2.0%, of \$9,296, due on May 1 and November 1, with a final payment due on November 1, 2035.

2017 Loan

In February 2017, the District entered into an additional \$300,599 loan agreement ("2017 Loan Agreement") with CWRPDA, for the purpose of financing additional costs associated with the Project. The 2017 Loan Agreement requires semiannual payments, including interest at 2.0%, of \$9,314, due on May 1 and November 1, with a final payment due on November 1, 2036.

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 5: Long Term Obligations (Continued)

Loan Covenants

Under the terms of the loan agreements, the District is required to provide CWRPDA with annual audited financial statements by July 31, extendable to September 30, of each subsequent year.

Additionally, under the terms of the loan agreements, the District must maintain an operating reserve, defined as current assets less current liabilities equal to three months of operating expenses.

As of December 31, 2022, the District was in compliance with the above loan covenants.

Debt maturities

Debt maturities for the next five years and to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2023	\$ 137,584	\$ 38,895	\$ 176,479
2024	140,350	36,129	176,479
2025	143,171	33,308	176,479
2026	146,049	30,430	176,479
2027	148,984	27,495	176,479
2028-2032	626,491	79,425	705,916
2033-2036	636,328	27,884	664,212
	\$ 1,978,957	\$ 273,566	\$ 2,252,523

Debt authorization

At December 31, 2022, the District had no authorized but unissued indebtedness.

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 6: Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, loans, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the District had net investment in capital assets, net of related debt as follows:

Capital assets, net	\$ 5,023,834
Current portion of long-term obligations	(137,584)
Long-term obligations	<u>(1,841,373)</u>
Net investment in capital assets	<u>\$ 3,044,877</u>

Restricted assets include Net Position that is restricted for use either externally imposed by creditors, net grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The purposes for the restrictions of Net Position are described in Note 3. As of December 31, 2022, the District had restricted Net Position of \$267,144.

Note 7: Commitments and Contingencies

Intergovernmental Agreement - Fort Collins-Loveland Water District

In February 2015, the District and Fort Collins-Loveland Water District ("FCLWD") entered into an intergovernmental agreement (the "Agreement") whereby the District's existing drinking water system was interconnected with that of FCLWD for the purpose of acquiring a permanent drinking water supply as a drinking water supply alternative to the District's then existing water treatment plant and allowed for the permanent decommissioning of the District's water treatment plant.

Under the terms of the Agreement, the District purchases treated drinking water, to a maximum of 40,000,000 gallons per year, plus or minus 10%, on a "take or pay" basis.

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 7: Commitments and Contingencies (continued)

Utility Management and Operator in Responsible Charge Contract

The District has a contract for Utility Management and Operator in Responsible Charge services, as defined in the contract, related to the operation of the District with an independent contractor. Under the terms of the contract, the independent contractor receives a monthly service fee. Additional services as necessary and approved are to be based upon the estimated number of hours to be incurred and hourly rates as specified in the contract. The contract can be extended upon agreement in writing by the District and the independent contractor. The contract may be terminated by either party by providing notice no less than 3 days prior to the termination date.

Intergovernmental Agreement - South Fort Collins Sanitation District

The District has an intergovernmental agreement with the South Fort Collins Sanitation District for sanitary sewer treatment services.

Note 8: Deferred Compensation Plan

The District offers employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Service Code Section 457, administered by the Special District Association. The plan is available to all full-time District employees, and permits them to defer a portion of their salaries until future years. The plan allows the District, as resolved annually by the Board, to make discretionary contributions up to 5% of each eligible employee's salary. The Board authorized a contribution rate of 5% for all eligible employees in 2022. The District contributed \$4,965 for the year ended December 31, 2022. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. The assets under the Plan are not property of the District and are held by a second-party administrator for the exclusive benefit of the Plan participants and their beneficiaries.

Spring Canyon Water and Sanitation District
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2022

Note 9: 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 maintains commercial insurance for all risks of loss.

During 2019, the District purchased an insurance policy with Plus Water Insurance Program. The District paid annual premiums for property, commercial crime, commercial general liability, public officials and management liability, business auto commercial excess liability and privacy 101. The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool"). 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. The District paid annual premiums to the Pool for 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. Settled claims have not exceeded these coverages in any of the past five fiscal years.

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 Board of Directors has adopted a resolution establishing an enterprise to operate its water and sanitation activities. The District's management believes its water and sanitation operations qualify for this exclusion.

TABOR requires local governments (not including enterprises) to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). The District established an emergency reserve of \$28,979 as of December 31, 2022.

The District's management believes, after consultation with legal counsel, it is in compliance with the provisions of TABOR. However, TABOR is complex and has been, and will continue to be, subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an enterprise will require further judicial interpretation.

SUPPLEMENTAL INFORMATION

Draft

Spring Canyon Water and Sanitation District
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
ACTUAL (BUDGETARY BASIS) AND RECONCILIATION
TO CHANGE IN NET POSITION - U.S. GAAP BASIS
For the Year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ENTERPRISE:			
REVENUE			
Water operations	\$ 586,499	\$ 636,032	\$ 49,533
Sewer operations	399,639	467,798	68,159
Tap fees	-	34,425	34,425
Transfer fees	-	1,249	1,249
Property and specific ownership taxes	74,971	75,076	105
Interest	2,500	31,474	28,974
Late fees and penalties	-	9,849	9,849
System improvement surcharge	438,360	445,412	7,052
Miscellaneous	18,000	5,267	(12,733)
Total enterprise revenue	<u>1,519,969</u>	<u>1,706,582</u>	<u>186,613</u>
EXPENDITURES			
General and administrative	458,704	409,675	49,029
Water operations:			
Treatment	175,125	139,388	35,737
Transmission and distribution	150,000	60,388	89,612
Sewer operations:			
Collection and transmission	80,000	62,095	17,905
Treatment	88,830	91,800	(2,970)
Capital expenditures	475,000	98,114	376,886
Debt service:			
Principal payments	134,873	134,874	(1)
Interest	41,605	41,156	449
Total enterprise expenditures	<u>1,604,137</u>	<u>1,037,490</u>	<u>566,647</u>
EXCESS (DEFICIT) OF ENTERPRISE REVENUE OVER (UNDER) ENTERPRISE EXPENDITURES	(84,168)	669,092	753,260
FUNDS AVAILABLE - BEGINNING OF YEAR - ENTERPRISE	<u>1,463,625</u>	<u>1,864,093</u>	<u>400,468</u>
FUNDS AVAILABLE - END OF YEAR - ENTERPRISE	<u>\$ 1,379,457</u>	<u>\$ 2,533,185</u>	<u>\$ 1,153,728</u>

REVENUE (BUDGETARY BASIS)	\$ 1,706,582
EXPENDITURES (BUDGETARY BASIS)	1,037,490
Add:	
Depreciation	202,621
Less:	
Loan principal	(134,874)
Capital outlay	(98,114)
	<u>1,007,123</u>
CHANGE IN NET POSITION PER STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET POSITION	<u>\$ 699,459</u>



Management Financial Statements

BOARD OF DIRECTORS SPRING CANYON WATER AND SANITATION DISTRICT

We have prepared the accompanying management financial statements for the periods ending as of December 31, 2022 and June 30, 2023.

These financial statements are designed for management purposes and are intended for those who are knowledgeable about these matters. We have not audited, reviewed or compiled the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America. Substantially all the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the financial position and results of operations.

A handwritten signature in black ink, appearing to be "B. J. ...", is written over a light blue horizontal line.

Pinnacle Consulting Group, Inc.
July 20, 2023

Offices Located in Loveland and Denver

Main office located at 550 W. Eisenhower Blvd., Loveland, CO 80537
(970)669-3611 (303)333-4380
www.PCGI.com

Serving our clients and community through excellent dependable service.

**SPRING CANYON WATER AND SANITATION DISTRICT
BALANCE SHEET**

	BUDGETARY UNAUDITED ACTUAL <u>12/31/2022</u>	BUDGETARY UNAUDITED ACTUAL <u>6/30/2023</u>
Assets		
Current Assets		
Cash - Checking, First Bank	\$ 146,723	\$ 267,888
Colotrust - CDT General Account	2,015,334	3,248,762
ColoTrust - Sewer Main Line Escrow	-	46,777
ColoTrust - Water Tap Reserve	314,883	322,799
Petty Cash	115	115
Accounts Receivable	129,429	157,691
Property Tax Receivable	74,027	3,911
Due from County Treasurer	361	19,872
Prepaid Expenses	20,803	-
Total Current Assets	<u>\$ 2,701,675</u>	<u>\$ 4,067,816</u>
Total Assets	<u><u>\$ 2,701,675</u></u>	<u><u>\$ 4,067,816</u></u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 42,636	\$ 4,666
Retainage Payable	18,073	18,073
Payroll Liabilities	26,741	36,459
Deferred Property Taxes	74,027	3,911
Total Current Liabilities	<u>\$ 161,477</u>	<u>\$ 63,109</u>
Total Liabilities	<u><u>\$ 161,477</u></u>	<u><u>\$ 63,109</u></u>
Fund Balance		
Nonspendable	\$ 20,803	\$ -
Restricted - Capital	375,156	707,697
Restricted - Operating Reserve	232,052	280,193
Unrestricted	1,912,187	3,016,817
Total Fund Balance	<u><u>\$ 2,540,198</u></u>	<u><u>\$ 4,004,707</u></u>
Total Liabilities & Fund Balance	<u><u>\$ 2,701,675</u></u>	<u><u>\$ 4,067,816</u></u>
	=	=

**SPRING CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS (SUMMARY)**

OPERATIONS SUMMARY:

	2022 Unaudited Actual	2023 Adopted Budget	Actual Through 6/30/2023	Budget Remaining 6/30/2023	% Budget Remaining 6/30/2023
Operating Reserve (25% of budgeted O&M) Unrestricted	244,245 1,619,952	250,653 1,705,992	232,052 1,932,990	18,601 (226,998)	7.4% -13.3%
Beginning Budgetary Fund Balance	\$ 1,864,197	\$ 1,956,645	\$ 2,165,042	\$ (208,397)	-10.7%
Revenues and Other Funding Sources:					
Water Operations	\$ 636,806	\$ 583,949	\$ 269,941	\$ 314,008	53.8%
Sewer Operations	467,799	399,639	234,248	165,391	41.4%
Interest Income	31,474	50,000	60,616	(10,616)	-21.2%
Miscellaneous Income	17,899	18,000	8,870	9,130	50.7%
Sale of Land	-	-	906,802	(906,802)	0.0%
General Property Tax	70,063	74,027	70,115	3,912	5.3%
Specific Ownership Tax	5,013	5,182	2,641	2,541	49.0%
Total Operating and Non-Operating Revenues	\$ 1,229,054	\$ 1,130,797	\$ 1,553,233	\$ (422,436)	-37.4%
Total of Beginning Funds and Revenues	\$ 3,093,251	\$ 3,087,442	\$ 3,718,275	\$ (630,833)	-20.4%
Expenditures:					
Administrative	\$ 388,124	\$ 519,887	\$ 220,738	\$ 299,149	57.5%
Water Maintenance	213,210	270,575	51,162	219,413	81.1%
Sewer Maintenance	150,395	153,830	61,125	92,705	60.3%
Operating Expenditures Before Debt	\$ 751,729	\$ 944,292	\$ 333,025	\$ 611,266	64.7%
Principal	\$ 134,874	\$ 137,585	\$ 67,772	\$ 69,812	50.7%
Interest	41,606	38,895	20,467	18,427	47.4%
Debt Service Expenditures	\$ 176,479	\$ 176,479	\$ 88,240	\$ 88,240	50.0%
Transfers to Capital Fund	\$ -	\$ 3,358	\$ -	\$ 3,358	100.0%
Total Operating and Debt Service Expenditures & Capital Transfers	\$ 928,208	\$ 1,124,129	\$ 421,265	\$ 702,864	62.5%
Net Revenues Before Capital Transfers	\$ 300,845	\$ 10,026	\$ 1,131,968	\$ (1,121,942)	-11190.4%
Net Revenues After Capital Transfers	\$ 300,845	\$ 6,668	\$ 1,131,968	\$ (1,125,300)	-16876.3%
Operating Reserve Unrestricted	232,052 \$ 1,932,990	280,193 1,683,120	280,193 3,016,817	- (1,333,697)	0.0% -79.2%
Ending Budgetary Fund Balance	\$ 2,165,042	\$ 1,963,313	\$ 3,297,010	\$ (1,333,697)	-67.9%

**SPRING CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS (DETAIL)**

REVENUES:	2022 Unaudited Actual	2023 Adopted Budget	Actual Through 6/30/2023	Budget Remaining 6/30/2023	% Budget Remaining 6/30/2023
Operating Reserve (25% of budgeted O&M) Unrestricted	244,245 1,619,952	250,653 1,705,992	232,052 1,932,990	18,601 (226,998)	7.4% -13.3%
Beginning Funds Available:	\$ 1,864,197	\$ 1,956,645	\$ 2,165,042	\$ (208,397)	110.7%
Water Revenues:					
Active Installed Water	\$ 632,484	\$ 581,830	\$ 267,749	\$ 314,081	54.0%
Water Active Uninstalled	4,322	2,119	2,192	(73)	-3.4%
Total Water Operating Revenues	\$ 636,806	\$ 583,949	\$ 269,941	\$ 314,008	53.8%
Sewer Revenues:					
Sewer Active Installed	\$ 446,304	\$ 380,419	\$ 225,988	\$ 154,431	40.6%
Sewer Active Uninstalled	21,494	19,220	8,260	10,960	57.0%
Total Sewer Operating Revenues	\$ 467,799	\$ 399,639	\$ 234,248	\$ 165,391	41.4%
Total Operating Revenues	\$ 1,104,605	\$ 983,588	\$ 504,189	\$ 479,399	48.7%
Non-Operating Revenues:					
Property Taxes, Delinquent Taxes & Interest	\$ 70,063	\$ 74,027	\$ 70,115	\$ 3,912	5.3%
Specific Ownership Taxes	5,013	5,182	2,641	2,541	49.0%
Interest Income	31,474	50,000	60,616	(10,616)	-21.2%
Miscellaneous Income	6,801	8,000	3,219	4,781	59.8%
Penalties & Interest	9,849	8,000	5,551	2,449	30.6%
Sale of Land	-	-	906,802	(906,802)	0.0%
Transfer Fees	1,249	2,000	100	1,900	95.0%
Total Non-Operating Revenues	\$ 124,449	\$ 147,209	\$ 1,049,044	\$ (901,835)	-612.6%
Total Operating & Non-Operating Revenues	\$ 1,229,054	\$ 1,130,797	\$ 1,553,233	\$ (422,436)	-37.4%
Total Beginning Funds and Revenues	\$ 3,093,251	\$ 3,087,442	\$ 3,718,275	\$ (630,833)	-20.4%

**SPRING CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS (DETAIL)**

ADMINISTRATIVE/GENERAL EXPENDITURES:	2022 Unaudited Actual	2023 Adopted Budget	Actual Through 6/30/2023	Budget Remaining 6/30/2023	% Budget Remaining 6/30/2023
General Administrative Expenditures:					
Professional Services:					
Auditing	\$ 5,700	\$ 8,000	\$ -	\$ 8,000	100.0%
Finance&Accounting	28,724	29,000	4,858	24,143	83.3%
Election	63	1,000	289	711	71.1%
Legal	1,321	10,000	2,284	7,716	77.2%
Employee Compensation:					
Salaries and Wages	183,039	264,294	120,019	144,275	54.6%
Directors Fees	5,325	5,400	2,400	3,000	55.6%
Employer Deferred Compensation	4,965	5,835	3,682	2,153	36.9%
Employer Social Security & Medicare	14,418	20,632	9,314	11,318	54.9%
Employee Health Insurance	49,646	58,596	23,555	35,041	59.8%
Employer Unemployment	361	793	4	789	99.4%
Employer FAMLl	-	1,200	-	1,200	100.0%
Insurance:					
Liability Insurance	20,322	22,354	20,803	1,551	6.9%
Workers' Comp Insurance	3,847	5,552	2,300	3,252	58.6%
Other:					
Bad Debt	774	500	-	500	100.0%
Computer Software - License & Maint	25,078	12,000	8,685	3,315	27.6%
Dues & Publications	3,183	3,500	2,789	711	20.3%
General Engineering	8,317	20,000	1,715	18,285	91.4%
GIS Mapping	1,029	2,500	664	1,836	73.5%
Lot Line Adjustment Project	-	-	-	-	0.0%
Miscellaneous-Bank Service Charges	1,664	750	642	108	14.4%
Office and Other	7,143	10,500	4,634	5,866	55.9%
Parts Inventory	50	2,500	230	2,270	90.8%
Repair and Maintenance	1,781	3,000	2,805	195	6.5%
Storage Expense	-	-	-	-	0.0%
Tools	1,263	2,000	824	1,176	58.8%
Training and Travel	1,505	5,500	213	5,287	96.1%
Treasurer's Fees	1,404	1,481	1,403	78	5.3%
Uniforms and Safety Equipment	1,156	2,000	370	1,630	81.5%
Utilities	10,273	12,000	4,431	7,569	63.1%
Vehicle Expense	5,773	9,000	1,826	7,174	79.7%
Total Administrative Expenditures	\$ 388,124	\$ 519,887	\$ 220,738	\$ 299,149	57.5%
CAPITAL TRANSFER:					
Transfer to Capital Fund	\$ -	\$ 3,358	\$ -	3,358	100.0%
Total Capital Transfers	\$ -	\$ 3,358	\$ -	\$ 3,358	100.0%

**SPRING CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS (DETAIL)**

WATER EXPENDITURES:	2022 Unaudited Actual	2023 Adopted Budget	Actual Through 6/30/2023	Budget Remaining 6/30/2023	% Budget Remaining 6/30/2023
Water Treatment:					
ORC Contracted Services	\$ 9,933	\$ 8,000	\$ -	\$ 8,000	100.0%
Lab Analysis	2,204	4,000	726	3,274	81.8%
Materials	-	1,000	-	1,000	100.0%
Utilities	1,237	1,500	563	938	62.5%
Water Treatment (Contract)	135,947	141,075	35,673	105,402	74.7%
Water Transmission & Distribution:					
Comprehensive Tank Inspections	3,500	-	-	-	0.0%
Contract Maintenance & Repair	34,102	75,000	4,832	70,168	93.6%
Materials	6,413	15,000	630	14,370	95.8%
Utilities	19,873	25,000	8,738	16,262	65.0%
Total Water Operating Expenditures	\$ 213,210	\$ 270,575	\$ 51,162	\$ 219,413	81.1%
Debt Retirement:					
Loans-Principal	\$ 134,874	\$ 137,585	\$ 67,772	\$ 69,812	50.7%
Loans-Interest	41,606	38,895	20,467	18,427	47.4%
Total Water Non-Operating Expenditures	\$ 176,479	\$ 176,479	\$ 88,240	\$ 88,240	50.0%
Total Water Expenditures	\$ 389,689	\$ 447,054	\$ 139,402	\$ 307,653	68.8%

**SPRING CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS (DETAIL)**

SEWER EXPENDITURES:	2022 Unaudited Actual	2023 Adopted Budget	Actual Through 6/30/2023	Budget Remaining 6/30/2023	% Budget Remaining 6/30/2023
Collection & Transmission:					
Materials	\$ 3,258	\$ 10,000	\$ 1,094	\$ 8,906	89.1%
Repair & Maintenance	33,253	30,000	18,480	11,520	38.4%
Utilities	22,084	25,000	10,952	14,048	56.2%
Sewer Treatment:					
Sewer Treatment(Contract)	91,800	88,830	30,600	58,230	65.6%
Total Sewer Operating Expenditures	\$ 150,395	\$ 153,830	\$ 61,125	\$ 92,705	60.3%

SPRING CANYON WATER AND SANITATION DISTRICT
 STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS (SUMMARY)

CAPITAL FUND:	2022 Unaudited Actual	2023 Adopted Budget	Actual Through 6/30/2023	Budget Remaining 6/30/2023	% Budget Remaining 6/30/2023
Capital Reserve	\$ 13,008	\$ 358,282	\$ 375,156	\$ (16,874)	-4.7%
Beginning Funds Available:	\$ 13,008	\$ 358,282	\$ 375,156	\$ (16,874)	-4.7%
Capital Contributions:					
Monthly Surcharge	\$ 445,412	\$ 438,360	\$ 260,664	\$ 177,696	40.5%
Tap Sales - Water	29,925	-	29,925	(29,925)	0.0%
Tap Sales - Sewer	4,500	-	55,727	(55,727)	0.0%
Total Capital Contributions	\$ 479,837	\$ 438,360	\$ 346,316	\$ 92,044	40.5%
Capital Expenditures					
Arrowhead	\$ 34,027	\$ 115,000	\$ -	\$ 115,000.00	100.0%
General Capital Services	1,505	5,000	-	5,000	100.0%
Holiday Dr Loop	17,414	675,000	13,775	661,225	98.0%
Swim Beach Line Replacement	64,744	5,000	-	5,000	100.0%
Total Capital Expenditures	\$ 117,690	\$ 800,000	\$ 13,775	\$ 786,225	98.3%
Transfers from General Fund	\$ -	\$ 3,358	\$ -	\$ 3,358	100%
Net Revenues Before General Fund Transfers	\$ 362,148	\$ (361,640)	\$ 332,541	\$ (694,181)	192.0%
Net Revenues After General Fund Transfers	\$ 362,148	\$ (358,282)	\$ 332,541	\$ (690,823)	192.8%
Capital Reserve	\$ 375,156	\$ -	\$ 707,697	\$ (707,697)	0.0%
Ending Budgetary Fund Balance	\$ 375,156	\$ -	\$ 707,697	\$ (707,697)	0.0%

Engineer's Report – July 20, 2023

Holiday Drive Waterline Construction Project

The waterline construction is substantially complete. There is still seeding and erosion protection and cleanup to be completed. Those items will be completed in the next week or two.

There will be one small change order on the project as the connection at Catalina needed to be constructed slightly differently based on the site constraints, but due to less rock excavation than what was in the bid we will still come in slightly below the contracted fee.



CIP

We are working on an update to the CIP based on updated pricing and are hoping to schedule a work session with the board to discuss the prioritization of the projects around the 2nd week of August.

In addition, we are working with Chris Olson on the Project Needs Assessment for the grant funding and have scheduled a work session to go through the form next week.

Thank you for continuing to allow us to serve the district,



Justin C. Beckner, PE
Project Manager



Spring Canyon WSD Monthly Operations Report

Prepared by: Tayler Pelletier

Date: 7/20/2023

Sandstone Tank 1 Transducer:

The failed level transducer in Sandstone was replaced and is now functional.

Medicine Ridge Level Transducer:

A level transducer in Medicine Ridge has failed, we suspect with 3 failing in the last year we are just near the lifespan of that equipment. The replacements we will install will be identical to those we have installed at the other stations to make future replacements faster.

Velocity:

We met with a company named Velocity to create a response plan for bypass pumping if both pumps ever fail at the same time in Lift Stations 2, 3, and 6.

Fire Hydrant Inspections and System Flushing:

Annual Fire Hydrant Inspections and system flushing have been completed.

Lead and Copper Compliance:

Annual LCR sampling is underway, we have 9 of the 10 samples turned in this month, with the last one scheduled for next month.

Backflow Prevention Device Testing:

Nearly all devices have been tested and passed. Once we receive the reports, I will be able to fill out the annual reporting paperwork and the BPCCC rule will be completed for the year.

Spring Canyon Water & Sanitation District
District Manager's Report
July 20, 2023
Prepared by: Chris Olson

Cushman's Lakeview Sanitary Sewer Mainline Extension – This project is substantially complete. We are currently waiting on completion of the items listed below prior to District acceptance of the improvements and final payment:

1. Fix the bent stair in MH3
2. Grout to be applied above the pipe where entering and exiting all manholes
3. As built drawings signed and sealed by Forbes Engineering
4. Mandrel deflection testing completed and provide results
5. Pressure testing of pipe completed and provide results
6. Bollards and concrete pan around MH3
7. Final invoice

Once complete, title to all work, materials, and equipment furnished under the contract will pass to the District free and clear of all liens and other title defects, and a two-year warranty period will begin.

Old Arrowhead Tank Coating Proposals – We met with USG Water Solutions who offered two proposals for the CIP project to coat the exterior of the Old Arrowhead Tank. This will consist of a full pressure wash, all rusted areas tool cleaned, all tool cleaned areas spot primed, one full intermediate coat to 100% of all exterior surfaces and one full finish coat to 100% of all exterior surfaces. We are waiting for an updated proposal after an onsite meeting with USG, District Staff, and CivilWorx on 7/11/23. We have also reached out to obtain additional proposals and have a site meeting with National Coatings scheduled for Tuesday 7/25/23. After reviewing all proposals received, we will make a recommendation.

CIP Update – With the Holiday Dr. Loop project now complete, the Old Arrowhead Tank Coating in progress, and the Sewer Over Inlet Canal project progressing through the SRF process, I would like to meet with CivilWorx and the Board in a work session to present and discuss updates and prioritization of the CIP. Soon, I will send out an email with options of days/times for an August meeting to see if we can find a time that works best for all.

CEOS Eligibility Survey Complete – DWRP Opportunity. The 2024 Eligibility Survey is still in Admin Review after it was submitted before the June 30, 2023 deadline. The expanded eligibility criteria under the DWRP Supplemental category is still in place. An application for funding for a water project is something we can consider and discuss when reviewing the CIP.

WPCRF Loan Application Status – Progress is being made on the PNA. If submitted near the end of this month/beginning of next, we are looking at the earliest loan application of November 15, 2023 with the potential of a January 15, 2024 or February 15, 2024 application. These targets are well within the 18-month application requirement from the date of the initial Pre-Qualification meeting.

Employee Training Opportunities – We are continuing to focus heavily on employee training to promote employee safety and retention. Tayler and Anthony will both attend an in-person two-day training covering the topic of Arc Flash Electrical Safety NFPA 70E. This extensive training will cover the topics of Electrical Safety, the Qualified Electrical Worker, Electrical Hazards, Safety Related Work Practices, Maintenance Requirements, Special Equipment and Safety Program Development.

Seeding of Previous Water Repair Site – As Gerrard reseeds the Holiday Drive Loop construction site, they will also reseed the area of a previous repair that was made just west of this site in December 2022.

Water Loss Tracking – I have sent maps of all District fire hydrants and line specifications to Colorado Underground to move forward with leak detection. We are awaiting reply to schedule a day to come to the District and leak detect all 27 hydrants. This is the recommended starting point when leak detecting systems in which preventative/routine plans were not previously in place.

Billing Cycle	Trilby Pump Station Consumption (Gal.)	SCWSD Sold (Gal.)	Non-Revenue Water (Gal.)	Non-Revenue Water (\$3.39/1,000Gal) (\$3.66/1,000Gal)2023	Non-Revenue Water (%)
4/20/22-5/20/22	3,053,500	2,263,298	790,202	\$2,678.78	25.88%
5/20/22-6/20/22	3,416,700	2,638,857	777,843	\$2,636.88	22.77%
6/20/22-7/20/22	4,727,000	3,769,422	957,578	\$3,246.19	20.26%
7/20/22-8/20/22	4,537,100	3,460,398	1,076,702	\$3,650.02	23.73%
8/20/22-9/20/22	4,419,600	3,277,624	1,141,976	\$3,871.30	25.84%
9/20/22-10/20/22	3,789,900	2,704,244	1,085,656	\$3,680.37	28.65%
10/20/22-11/20/22	2,681,700	1,999,952	681,748	\$2,311.13	25.42%
11/20/22-12/20/22	2,249,600	1,595,820	653,780	\$2,216.31	29.06%
12/20/23-1/20/23	2,724,600	1,993,388	731,212	\$2,676.23	26.83%
1/20/23-2/20/23	2,692,700	1,878,653	814,047	\$2,979.41	30.23%
2/20/23 – 3/20/23	2,240,500	1,519,155	721,345	\$2,640.12	32.20%
3/20/23 – 4/20/23	2,602,200	1,803,786	798,414	\$2,922.19	30.68%
4/20/23 – 5/20/23	2,547,300	1,875,900	671,400	\$2,457.32	26.36%
5/20/23 – 6/20/23	2,987,300	2,258,096	729,204	\$2,668.89	32.29%
6/20/23 – 7/20/23	3,529,400	2,897,018	632,382	\$2,314.52	21.83%