

CENTER SANITATION DISTRICT

FINANCIAL STATEMENTS

December 31, 2017

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July 31, 2018



**Wall,
Smith,
Bateman** Inc.

Certified Public Accountants

CENTER SANITATION DISTRICT
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Directors
Center Sanitation District
Center, Colorado

We have audited the accompanying financial statements of the business-type activities and the major fund of Center Sanitation District (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 major fund of Center Sanitation District, as of December 31, 2017, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Other Matters

Required Supplementary Information

The District has omitted the 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The enterprise fund budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The enterprise fund budgetary comparison 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

July 24, 2018

CENTER SANITATION DISTRICT
BASIC FINANCIAL STATEMENTS

CENTER SANITATION DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2017

ASSETS	2017
Current Assets	
Cash and Cash Equivalents	1,403,502
Accounts Receivable	102,351
Grant Receivable	38,881
Property Tax Receivable	22,450
Due from Other Governments	53,048
Total Current Assets	<u>1,620,232</u>
Capital Assets	
Construction in Progress	421,463
Land	35,766
Buildings	3,548,035
Machinery and Equipment	96,681
Sewer System	611,820
Less: Accumulated Depreciation	(2,268,597)
Total Capital Assets	<u>2,445,168</u>
TOTAL ASSETS	<u><u>\$ 4,065,400</u></u>
LIABILITIES	
Current Liabilities	
Accrued Interest	17,949
Bonds and Loans Payable - Current Portion	99,096
Total Current Liabilities	<u>117,045</u>
Noncurrent Liabilities	
Bonds and Loans Payable	2,078,373
Total Noncurrent Liabilities	<u>2,078,373</u>
TOTAL LIABILITIES	<u>2,195,418</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	22,450
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>22,450</u>
NET POSITION	
Net Investment in Capital Assets	267,699
Restricted for:	
Bond Reserves	16,202
Unrestricted	1,563,631
TOTAL NET POSITION	<u>1,847,532</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,065,400</u></u>

The accompanying notes are an integral part of this financial statement.

**CENTER SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2017**

OPERATING REVENUES

User Fees	370,984
Lease Income	48,600
Miscellaneous	4,818
	<u>424,402</u>

OPERATING EXPENSES

Administration	38,447
System Maintenance	125,868
Plant Maintenance	89,561
Depreciation Expense	125,056
	<u>378,932</u>

OPERATING INCOME (LOSS)

45,470

NON-OPERATING REVENUES (EXPENSES)

Property Taxes	21,617
Specific Ownership Taxes	3,624
Grant Income	38,734
Loan Fee	(30,000)
Interest Expense	(22,815)
	<u>11,160</u>

Total Non-Operating Revenues (Expenses)

11,160

CHANGE IN NET POSITION

56,630

NET POSITION, Beginning of Year

1,790,902

NET POSITION, End of Year

\$ 1,847,532

The accompanying notes are an integral part of this financial statement.

CENTER SANITATION DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 350,836
Cash received from others	53,418
Cash paid to employees	(6,696)
Cash paid to suppliers	(247,180)
	150,378

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES 150,378

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES -

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Loan Proceeds	1,500,000
Principal payments on loans	(65,152)
Interest payments on loans	(22,815)
Accrued Interest on loan	15,157
Capital Asset Additions	(413,148)
	1,014,042

NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES 1,014,042

CASH FLOWS FROM INVESTING ACTIVITIES -

Net Increase (Decrease) in Cash and Cash Equivalents 1,164,420

Cash and Cash Equivalents, Beginning of Year 239,082

Cash and Cash Equivalents, End of Year \$ 1,403,502

OPERATING INCOME (LOSS) \$ 45,470

Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities

Depreciation Expense	125,056
Change in Assets and Liabilities	
(Increase) decrease in accounts receivable	(14,391)
(Increase) decrease in inventory	3,500
Increase (decrease) in accounts payable	(2,550)
Increase (decrease) in security deposits	(6,707)
	150,378

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES \$ 150,378

CENTER SANITATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Center Sanitation District (the District) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

The District was formed December 7, 1948 and is governed by a five-member elected Board of Directors. The District provides sanitation services for portions of both Saguache and Rio Grande Counties.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District.

Based on the aforementioned criteria, the Center Sanitation District has no component units.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are from user charges. Operating expenses for enterprise funds include the cost of operating, financing, and maintaining the District's sanitation systems and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

CENTER SANITATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2017

ASSETS, LIABILITIES AND NET POSITION

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15, or in full on April 30. The County Treasurer bills and collects all property taxes for the District. Property taxes revenue is recognized by the District to the extent they result in a current receivable.

The 2017 property tax levy due January 1, 2018 has been recorded in the financial statements as a receivable and in a corresponding deferred inflow of resources account.

Capital Assets

Capital assets include land, buildings, machinery and equipment and sewer system. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and a useful life of more than 1 year. Depreciation is computed on a straight-line basis over the estimated useful life of the assets. Estimated useful lives range from five to seventy five years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 assets lives are not capitalized. GASB No. 34 requires the District to report and depreciate new infrastructure assets.

Compensated Absences

The District's policy is to require employees to use vacation time within twelve months of earning the benefit. Sick leave is available for use during the following year; however, no sick leave benefits are payable upon termination. Therefore, no liability is reported for unpaid accumulated sick leave.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents and acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

CENTER SANITATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2017

- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The District follows the procedures outlined in the Financial Management Manual – A Guide for Colorado Local Governments – when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.
- 5) Ordinance to adopt supplemental appropriations

Formal budgetary integration is employed as a management control device for all funds of the District. The District prepares their budget following Colorado Statutes. The proprietary fund budget is adopted using the same accounting methods as governmental fund types; this procedure follows Colorado State Statute, but is not in accordance with GAAP.

The total expenditures cannot exceed the budgeted amount unless a supplemental appropriation is adopted. There were supplemental appropriations during 2017.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

NOTE 3 CASH AND DEPOSITS

CASH AND DEPOSITS

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for

CENTER SANITATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2017

all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2017, \$1,125,782 of the District's bank balance of \$1,450,441 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
<i>Business-Type Activities</i>				
Capital assets not being depreciated				
Construction in Progress	\$ 8,315	\$ 413,148	\$ -	\$ 421,463
Land	35,766	-	-	35,766
Total capital assets not being depreciated	44,081	413,148	-	457,229
Capital assets being depreciated				
Buildings	3,548,035	-	-	3,548,035
Machinery and Equipment	164,554	-	(67,873)	96,681
Sewer System	611,820	-	-	611,820
Total capital assets being depreciated	4,324,409	-	(67,873)	4,256,536
Less accumulated depreciation for:				
Buildings	(1,730,892)	(92,451)	-	(1,823,343)
Machinery and Equipment	(158,512)	(939)	67,873	(91,578)
Sewer System	(322,010)	(31,666)	-	(353,676)
Total accumulated depreciation	(2,211,414)	(125,056)	67,873	(2,268,597)
Total Capital Assets being depreciated, net	2,112,995	(125,056)	-	1,987,939
<i>Business-Type Activities</i>				
<i>Capital Assets, Net</i>	\$ 2,157,076	\$ 288,092	\$ -	\$ 2,445,168

NOTE 5 OPERATING LEASE

The District entered into an operating lease with Idaho-Pacific Colorado Corporation (the Corporation) on June 13, 2005, whereby the Corporation will lease an agricultural wastewater treatment plant and associated equipment and influent and effluent piping systems from the District for a term of five years beginning September 15, 2005. The tenant is responsible for the payment of utilities. On September 20, 2017, the District and the Corporation signed a lease amendment to extend the lease until September 1, 2027. Lease income for the year ended December 31, 2017

CENTER SANITATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2017

totaled \$48,600. The carrying amount of the property under lease as of December 31, 2017 was \$1,312,438. The SLVDRG Loan from 1998 discussed in Note 6 is related to this property. At December 31, 2017, the outstanding balance of this note was \$537,563. The SLVDRG Loan from 2017 is also related to this property. At December 31, 2017, the outstanding balance of this note is \$1,530,000.

During 2005, the District ceased operating the agricultural wastewater treatment facility. The operation of the plant was transferred to the Idaho-Pacific a Colorado Corporation. The Corporation pays the District a monthly lease fee that covers the monthly principal and interest payments on the loans from the San Luis Valley Development Resources Group, see also Note 6 Long-Term Debt. The District continues to operate the domestic wastewater plant.

NOTE 6 LONG-TERM DEBT

Changes in Long-term Debt

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017	Due Within One Year
<i>Business-Type Activities</i>					
RECD	\$ 74,808	\$ -	\$ 11,100	\$ 63,708	\$ 11,600
SLV DRG Loan (1998)	577,738	-	40,175	537,563	48,600
SLV DRG Loan (2017)	-	1,530,000	-	1,530,000	34,706
DOLA Loan - EIAF #5050	50,191	-	3,993	46,198	4,190
DOLA Loan - EIAF #6300A	9,884	-	9,884	-	-
Total	\$ 712,621	\$ 1,530,000	\$ 65,152	\$ 2,177,469	\$ 99,096

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT – BONDS

On October 29, 1992, the Office of Rural Economic and Community Development (RECD) (formerly FmHA, Farmers Home Administration) agreed to purchase all of Center Sanitation Sewer Revenue Bonds, Series 1992, and in the aggregate principal amount of \$226,600. The Center Sanitation District issued the revenue bonds in order to fund a plant expansion project. Interest is calculated at the rate of 5% per annum. Payments are made semiannually in February and August of each year.

SAN LUIS VALLEY DEVELOPMENT RESOURCES GROUP – LOAN

In 1998, the District received a \$1,458,000 loan from the San Luis Valley Development Resources Group (SLVDRG). This loan assisted with the construction of an agricultural wastewater facility and the construction of collection lines. The face of the loan carries a 0% interest rate, and the loan is for a term of 30 years. Payments of \$4,050 are made monthly.

In 2017, the District received an additional \$1,530,000 loan which includes a \$30,000 origination fee from SLVDRG. This loan assisted with the Idaho Pacific Corporation expansion. The loan carries a 5% interest rate, and the loan is for a term of 10 years. Interest only payments of \$6,375 are made monthly beginning January 2018 for the first six months. Beginning July 2018, monthly payments of principal and interest are \$12,099.

CENTER SANITATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2017

COLORADO DEPARTMENT OF LOCAL AFFAIRS – LOAN

On December 2, 2005, the District received a loan in the amount of \$80,000 from the Colorado Department of Local Affairs. The interest rate is 5% and the loan is for a term of 20 years with the first payment due September 1, 2007. The loan has funded improvements at the District’s domestic wastewater plant.

On July 17, 2008, the District received a loan in the amount of \$40,875 from the Colorado Department of Local Affairs. The loan has funded a lift station and pond upgrades. The interest rate is 5% and the loan is for a term of 10 years with the last payment due September 1, 2018. However, the District finished paying this loan in August 2017.

Annual debt service payments to maturity are as follows:

	Principal	Interest	Total
2018	\$ 99,096	\$ 81,538	\$ 180,634
2019	137,264	77,709	214,973
2020	141,771	73,204	214,975
2021	146,478	68,433	214,911
2022	150,202	63,436	213,638
2023-2027	1,450,196	241,620	1,691,816
2028	52,463	-	52,463
Total	\$ 2,177,469	\$ 605,939	\$ 2,783,408

NOTE 7 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior years’ spending adjusted for inflation and local growth. During 2005 the voters of the District approved a measure, which allows the District to retain and spend revenue in excess of the limit.

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3 percent of fiscal year spending. This Emergency Reserve has been presented as a restricted net position in the Statement of Net Position. The entity is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

CENTER SANITATION DISTRICT
SUPPLEMENTARY INFORMATION

CENTER SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL -ENTERPRISE FUND - NON GAAP
For the Year Ended December 31, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUE				
User Fees	\$ 300,000	\$ 300,000	\$ 370,984	\$ 70,984
Lease Income	55,500	55,500	48,600	(6,900)
Miscellaneous	50,000	50,000	4,818	(45,182)
Total Operating Revenues	<u>405,500</u>	<u>405,500</u>	<u>424,402</u>	<u>18,902</u>
OPERATING EXPENSES				
Administration	45,827	45,827	38,447	7,380
System Maintenance	119,674	119,674	125,868	(6,194)
Plant Maintenance	121,940	103,940	89,561	14,379
Sludge Removal Reserve	97,400	61,400	-	61,400
Total Operating Expenses	<u>384,841</u>	<u>330,841</u>	<u>253,876</u>	<u>76,965</u>
OPERATING INCOME (LOSS)	<u>20,659</u>	<u>74,659</u>	<u>170,526</u>	<u>95,867</u>
NON-OPERATING REVENUES (EXPENSES)				
Property Taxes	20,000	20,000	21,617	1,617
Specific Ownership Taxes	3,080	3,080	3,624	544
Grant Income	50,000	50,000	38,734	(11,266)
Loan Proceeds	-	1,530,000	1,530,000	-
Loan Disbursement	-	(1,500,000)	-	1,500,000
Loan Fee	-	(30,000)	(30,000)	-
Loan Principal	(55,850)	(55,850)	(65,152)	(9,302)
Interest Expense	(13,341)	(13,341)	(22,815)	(9,474)
Total Non-Operating Revenues (Expenses)	<u>3,889</u>	<u>3,889</u>	<u>1,476,008</u>	<u>1,472,119</u>
Net Income (Loss) - Budget Basis	<u>24,548</u>	<u>78,548</u>	<u>1,646,534</u>	<u>1,567,986</u>
ADD: Loan Principal			65,152	
LESS: Depreciation Expense			(125,056)	
LESS: Loan Proceeds			(1,530,000)	
CHANGE IN NET POSITION			<u>56,630</u>	
NET POSITION, Beginning of Year	<u>200,000</u>	<u>200,000</u>	<u>1,790,902</u>	<u>1,590,902</u>
NET POSITION, End of Year	<u>\$ 224,548</u>	<u>\$ 278,548</u>	<u>\$ 1,847,532</u>	<u>\$ 1,568,984</u>