

**BASALT SANITATION DISTRICT**

**BASIC FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORT**

**DECEMBER 31, 2019**

BASALT SANITATION DISTRICT  
FOR THE YEAR ENDED  
December 31, 2019

BOARD OF DIRECTORS

Richard Stumpf – President

Rob Schwener – Vice President

James Finch – Treasurer

Dean Seader – Secretary

Patrick Maley – Director

ADMINISTRATION

Denise Diers - Manager

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Board of Directors  
Basalt Sanitation District  
P.O. Box 527  
Basalt, Colorado 81621

INDEPENDENT AUDITOR'S REPORT

***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activity, of the Basalt Sanitation District of Basalt, Colorado, as of and for the year ended December 31, 2019, 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.

***Auditor's 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 auditor's 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 activity of the Basalt Sanitation District, Basalt, Colorado, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 2-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise District's basic financial statements. The *Budget and Actual Comparison – Proprietary Fund* is presented for purposes of additional analysis and are not a required part of the basic financial statements. The *Budget and Actual Comparison – Proprietary Fund* has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Maggard & Hood, P.C.*

MAGGARD & HOOD, P.C.  
Glenwood Springs, Colorado  
August 31, 2020

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2019

The Basalt Sanitation District (the "District"), which is located within Eagle and Pitkin Counties, Colorado, was formed for the purpose of providing wastewater treatment services to Town of Basalt, Colorado, and the surrounding area. The District is a political subdivision of the State of Colorado. The District encompasses approximately 2.75 square miles and includes property in both Eagle and Pitkin Counties.

The management's discussion and analysis of the Basalt Sanitation District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2019. The intent of the discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2019 are as follows:

- In total, the District's overall net position decreased \$693,298 or 10%, from the previous fiscal year.
- Operating revenues accounted for \$859,689 or 50% of all revenues. Operating revenues consist of sewer fees and other charges. Non-operating revenues in the form of general property taxes, specific ownership taxes, tap fees, developer contributions, governmental grants and interest income on investments accounted for \$858,509 or 50% of the District's total revenues of \$1,718,198.
- The District had \$1,024,900 of expenses. The District's operating expenses in the amount of \$985,164 included depreciation in the amount of \$337,215. Non-operating expenses in the amount of \$39,736 included interest on long-term debt obligations in the amount of \$29,724. The total operating expenses of the District increased \$181,665 or 23% from 2018.

### USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The financial statements included in this annual report are those of a special-purpose government with only one fund that is engaged in a business-type activity. The following statements are included:

- ***Statement of Net Position*** – reports all of the District's assets and liabilities with the difference between the two reported as net position. The statement presents information about the nature and amounts in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing liquidity and financial flexibility of the District.
- ***Statement of Revenues, Expenses and Changes in Fund Net Position*** – reports the District's operating and non-operating revenues by major source along with operating and non-operating expenses and capital contributions.
- ***Statement of Cash Flows*** – reports the District's cash flows from operating activities, investing activities, capital and related financing activities.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *other supplementary information* that further explains and supports the information in the financial statements.

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2019

**THE DISTRICT AS A WHOLE**

***Statement of Net Position***

The perspective of the Statement of Net Position is of the District as a whole. Following is a summary of the District's net position for the fiscal year 2019 compared to 2018:

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
<b><u>ASSETS:</u></b>			
Current Assets	\$ 2,847,756	\$ 3,460,900	\$ (613,144)
Capital Assets, Net	5,849,686	4,954,955	894,731
Deferred Outflows of Resources	8,881	15,035	(6,154)
Total Assets	<u>8,706,323</u>	<u>8,430,890</u>	<u>275,433</u>
<b><u>LIABILITIES:</u></b>			
Current Liabilities	289,703	492,670	(202,967)
Long Term Debt - Non-current	<u>372,007</u>	<u>611,862</u>	<u>(239,855)</u>
Total Liabilities	<u>661,710</u>	<u>1,104,532</u>	<u>(442,822)</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Unavailable Revenue – Property Taxes	<u>280,735</u>	<u>255,778</u>	<u>24,957</u>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	5,242,679	4,118,123	1,124,556
Unrestricted	<u>2,521,199</u>	<u>2,952,457</u>	<u>(431,258)</u>
Total Net Position	<u>\$ 7,763,878</u>	<u>\$ 7,070,580</u>	<u>\$ 693,298</u>

*Total Assets* of the District increased approximately \$275 thousand. The increase, which is most notably recognized as increase in capital assets was caused by the capitalization of current year costs of the Aerobic Digester at the District's Treatment Plant. In total the project cost the District \$1.9 million.

*Total Current Liabilities* of the District decreased approximately \$203 thousand. Notable decreases include reduction of accounts payable as the prior year balance included balances owed for construction in process for the Aerobic Digester.

*Total Non-Current Liabilities* decreased approximately \$240 thousand. This decrease was primarily due to current principal payments on long term debt.

The District's overall *Net Position* increased approximately \$693 thousand, representing the District's net income for 2019. The District's current year operating revenues were sufficient to provide for current year operating expenses, as discussed in the following section entitled the *Statement of Net Revenues, Expenses and Changes in Fund Net Position*.

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2019

***Statement of Revenues, Expenses and Changes in Fund Net Position***

The perspective of the Statement of Revenues, Expenses and Changes in Fund Net Position is of the District as a whole. This statement reflects general property taxes and service revenues and the cost of providing services to the District. The following summary reflects the overall change in net position for the fiscal year 2019 compared to 2018.

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
<u>REVENUES:</u>			
Operating Revenues:			
Fees & Charges	\$ 859,689	\$ 827,933	\$ 31,756
Non-Operating Revenues:			
Property and Specific Ownership Taxes	253,231	269,906	(16,675)
Interest and Investment Earnings	55,156	63,590	(8,434)
Tap Fees	184,800	335,500	(150,700)
DOLA Grant Proceeds	365,322	150,349	214,973
Total Non-Operating Revenue	<u>858,509</u>	<u>819,345</u>	<u>39,164</u>
Total Revenues and Other Financing Sources	<u>1,718,198</u>	<u>1,647,278</u>	<u>70,920</u>
<u>EXPENSES:</u>			
Operating Expenses:			
Insurance	40,051	36,029	4,022
Administrative Wage & Contract	125,458	96,524	28,934
Operations & Maintenance	405,039	338,774	66,265
Directors Fees	4,700	5,900	(1,200)
Administrative	72,701	87,193	(14,492)
Depreciation	337,215	239,079	98,136
Total Operating Expenses	<u>985,164</u>	<u>803,499</u>	<u>181,665</u>
Non-Operating Expenses:			
Interest	29,724	36,236	(6,512)
Treasurer Fees	9,812	10,382	(570)
Bond Trustee Fees	200	200	-
Loss on Asset Disposal	-	4,107	(4,107)
Total Non-Operating Expenses	<u>39,736</u>	<u>50,925</u>	<u>(11,189)</u>
Total Expenses and Other Financing Uses	<u>1,024,900</u>	<u>854,424</u>	<u>170,476</u>
CHANGE IN NET POSITION	<u>\$ 693,298</u>	<u>\$ 792,854</u>	<u>\$ (99,556)</u>

The District's revenues include property taxes assessed in 2018 and collected in 2019 to support debt service payments. The District's expenses consist of operational expenses, depreciation expense on capital assets, and interest expense on General Obligations Bonds.

Overall revenues increased approximately \$71 thousand. Positive trends included investment earnings from the District's cash reserves yielding a higher return as interest rates continued to trend upwards. The District was the recipient of a DOLA grant generating approximately \$365 thousand to offset the cost of the Aerobic Digester.

Operating expenses increased approximately \$182 thousand. Operating revenues exceeded operating expenses by \$40 thousand. Depreciation of capital assets totaled \$337 thousand and is included in operating expenses.

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2019

***Statement of Revenues, Expenses and Changes in Fund Net Position, continued***

As indicated above, the Statement of Revenues, Expenses and Changes in Fund Net Position reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following table summarizes the information from the statement, reflecting the total cost of program services, and the remaining net cost of program services, which are supported by taxes and other general revenues:

	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	2019	2018	2019	2018
Operations, Maintenance & Depreciation	\$ 742,254	\$ 577,853	\$ -	\$ -
Salaries and Management Services	125,458	102,424	8,023	-
Insurance	40,051	36,029	40,051	-
Other Administrative Expenses	77,401	87,193	77,401	(24,434)
Total/Net Cost of Services	<u>\$ 985,164</u>	<u>\$ 803,499</u>	<u>\$ 125,475</u>	<u>\$ (24,434)</u>

The District's service charges and fees provided \$859,689 to cover operating and administrative costs in fiscal year 2019 as compared to \$827,933, in fiscal year 2018. In fiscal years 2019 and 2018, other general revenues from tap fees, state and local grants and interest earnings (in the total amounts of \$858,509 and \$549,439 respectively) were used to supplement the net cost of services and build reserves. General revenues from property taxes in the amount of \$253,231 and \$269,906 for 2019 and 2018 respectively are used for non-operating debt service and are not used for District operations.

**THE DISTRICT'S FUNDS**

***Proprietary Fund - Enterprise Fund***

The Basalt Sanitation District is a special-purpose district whose activities are considered to be a business-type activity. Operations are supported by service fees and charges assessed to users for operations, maintenance and administration of the District, and from property taxes and other general revenues. These activities are reported as a Proprietary, or Enterprise Fund.

As discussed above, Proprietary Fund financial statements consist of a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows, and are prepared on an accrual basis of accounting. For financial reporting purposes, the District's enterprise fund is considered a proprietary fund, which represents the operations of the Basalt Sanitation District.

For a discussion of the District's funds as compared to the prior year, see the section entitled "*The District as a Whole.*"

**BUDGET COMPARISONS**

The District's procedures in establishing budgetary data reflected in the financial statements are summarized in *Note 1 (E)* of the financial statements. Budgets for the District are adopted on a budgetary basis, which is reconciled to generally accepted accounting principles (GAAP) in *Note 1 (E)* of the financial statements. The budgetary comparison schedule for the District is found in the section entitled "Other Supplementary Information" following the notes to financial statements.

The District uses a line-item based budget which is designed to control line-item expenditures, but provide flexibility for overall budgetary management.

BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2019

**BUDGET COMPARISONS, CONTINUED**

Total budgetary based revenues of \$1,718,198 were \$140,886 less than budgetary expectations of \$1,859,084. Decreases from prior year occurred in tap fee collections, grant proceeds and development review fees being less than expected.

Total budgetary based expenses in the amount of \$2,143,896 were \$423,624 less than budget appropriations of \$2,567,520. Notable cost savings occurred for capital outlay, administrative wages, engineering and legal.

**CAPITAL ASSETS**

At the end of fiscal year 2019, the District had \$5,849,686 invested in capital assets. The following reflects the balances of the current and prior fiscal years:

<i>(NET OF DEPRECIATION AND AMORTIZATION)</i>	BUSINESS-TYPE ACTIVITIES	
	2019	2018
Land	\$ 95,165	\$ 95,165
Depreciable Land and Improvements	98,420	101,701
Depreciable Plant and Lines	5,369,554	3,743,655
Depreciable Buildings	233,828	198,406
Depreciable Equipment	3,584	4,901
Depreciable Office Furniture	18,054	21,602
Construction-in-Progress	31,081	789,525
TOTAL CAPITAL ASSETS	\$ 5,849,686	\$ 4,954,955

**DEBT ADMINISTRATION**

As of December 31, 2019, the District has outstanding \$600,000 in General Obligation Bonds and \$7,007 of Bond Premium from a 2011 bond issue. Interest payments are made semi-annually on June 1 and December 1 of each year, and the next scheduled principal payment is due on December 1, 2020. The final maturity date is December 1, 2022. In addition, a deferred loss on refunding of the 2001 Bond Issue in the amount of \$91,607 is being recognized over the term of the Refunding Bonds (see *Note 4*), of which \$8,881 remains outstanding.

**MAJOR INITIATIVES**

The District completed the construction and startup of the second digester at the Treatment Plant. The second digester was planned for at the time of the 2001 Plant expansion. It is needed to both increase current capacity to match the designed capacity and to add additional retention time to meet the new and/or more stringent standards from the Colorado Department of Health.

The District's Engineering Firm, Roaring Fork Engineers, begin the review and update of the Rules and Regulations as needed. The current plan is for this to be completed in the fall of 2020. They will also begin to look at a 10- and 20-year detailed capital plan that will include new and additional compliance standards. 2019 will also see the completion of a District web site.

**BASALT SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2019**

**ECONOMIC CONDITION AND OUTLOOK**

The real estate market and development activity in the District has remained strong. Many projects have commenced so tap sales have been strong and will continue to be strong in 2019. The last large project with significant tap sales, Stotts Mill, was projected to start in late 2019. It has once again been delayed. Due to the build out of the District, it is expected that tap sales will begin to dry up and the District will need to rely on its service fees to fund its activities, both operation and capital.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

Basalt Sanitation District  
Denise Diers, District Administrator  
P.O. Box 527  
Basalt, CO 81621  
(970) 927-3698

## BASIC FINANCIAL STATEMENTS

BASALT SANITATION DISTRICT  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
December 31, 2019

ASSETS:

Current Assets:	
Cash and Investments	\$ 2,536,370
Cash with County Treasurer	1,004
Receivables – Net	
Accounts Receivable	1,915
Property Taxes	280,735
Grants	27,706
Other Current Assets	<u>26</u>
 Total Current Assets	 <u>2,847,756</u>

Non-Current Assets:

Capital Assets – Net of Accumulated Depreciation	<u>5,849,686</u>
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DEFERRED OUTFLOW OF RESOURCES:

Bond Series 2011 – Loss on Refunding	<u>8,881</u>
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Total Assets and Deferred Outflows of Resources	<u>\$ 8,706,323</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	\$ 32,648
Accrued Salaries and Taxes	8,952
Accrued Interest Expense	1,853
Deposits and Other Payables	11,250
Current Maturities of Long-Term Debt	<u>235,000</u>

Total Current Liabilities	<u>289,703</u>
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Non-Current Liabilities

General Obligation Bonds – Net of Premium	607,007
Less: Current Maturities	<u>(235,000)</u>

Total Non-Current Liabilities	<u>372,007</u>
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Total Liabilities	<u>661,710</u>
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DEFERRED INFLOWS OF RESOURCES:

From Property Taxes	<u>280,735</u>
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NET POSITION:

Invested in Capital Assets, Net of Related Debt Unrestricted	5,242,679
	<u>2,521,199</u>

Total Net Position	<u>7,763,878</u>
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Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 8,706,323</u>
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The accompanying notes are an integral part of these financial statements.

BASALT SANITATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUND  
For the Year Ended December 31, 2019

OPERATING REVENUES:

Service Fees	\$ 836,565
Other Operating Revenues	<u>23,124</u>
Total Operating Revenues	<u>859,689</u>

COLLECTION AND TREATMENT EXPENSES:

Chemicals	18,342
License and Permits	1,862
Line Maintenance and Repair	89,248
Plant Maintenance and Repair	14,684
Plant Operator	202,352
Sludge Expense	15,099
Supplies	2,897
Utilities - Plant	60,555
Depreciation	<u>337,215</u>
Total Collection and Treatment Expenses	<u>742,254</u>

ADMINISTRATIVE EXPENSES:

Administrative Wage and Contract	125,458
Audit	8,250
Bank Fees	40
Condo Association Fees	2,619
Consulting	10,237
Computer Expense	4,547
Development Review Fees	13,199
Director's Fees	4,700
Dues and Subscriptions	1,168
Election Expense	-
Engineering	7,260
Insurance	40,051
Legal	5,553
Office Expense	7,286
Payroll Taxes	4,642
Postage	2,191
Printing Copies	790
Telephone	1,721
Training and Employee Benefits	2,600
Utilities – Office	<u>598</u>
Total Administrative Expenses	<u>242,910</u>
Total Operating Expense	<u>985,164</u>
Operating Income (Loss)	<u>(125,475)</u>

NON-OPERATING REVENUES (EXPENSES):

Property Taxes	241,311
Specific Ownership Taxes	11,920
Tap Fees	184,800
DOLA Grant Proceeds	365,322
Interest Income	55,156
Interest Expense	(29,724)
Treasurer Fees	(9,812)
Bond Trustee Fees	(200)
Loss on Asset Disposal	-
Total Non-Operating Revenue (Expense)	<u>818,773</u>

Change in Net Position	693,298
Net Position, Beginning of Year	<u>7,070,580</u>
Net Position, End of Year	<u>\$ 7,763,878</u>

The accompanying notes are an integral part of these financial statements

BASALT SANITATION DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 916,304
Cash Payments to Employees	(46,465)
Cash Payments for Goods and Services	<u>(809,389)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>60,450</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Deposits received	(4,500)
Deposits refunded	<u>-</u>
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>(4,500)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Tap Fees	184,800
Property and Specific Ownership Taxes-Net	243,220
Principal Paid on Bonds	(225,000)
Interest Paid on Bonds	(28,988)
Bond Trustee Fees	(200)
Payments for Capital Acquisitions	(1,231,947)
Proceeds from DOLA Grant	<u>477,965</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(580,150)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Investments	<u>55,156</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>55,156</u>
NET INCREASE (DECREASE) IN CASH	(469,044)
CASH AT BEGINNING OF YEAR	<u>3,005,414</u>
CASH AT END OF YEAR	<u>\$ 2,536,370</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (125,475)
Adjustments:	
Depreciation	337,215
(Increase) Decrease in Accounts Receivables	1,818
(Increase) Decrease in Other Current Assets	54,797
Increase (Decrease) in Accounts Payable	(212,539)
Increase (Decrease) in Accrued Salaries	<u>4,634</u>
Net Cash (Used) by Operating Activities	<u>\$ 60,450</u>

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

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The Basalt Sanitation District, herein referred to as the District, complies with generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the Basalt Sanitation District are described below.

A. FINANCIAL REPORTING ENTITY

The Basalt Sanitation District, (the District) was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body of the District consists of a five member Board of Directors which is elected by the registered voters within the District. The purpose of the District is to provide wastewater treatment services to the Town of Basalt and surrounding area. The Board is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government; i.e. the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e. unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. BASIS OF PRESENTATION/BASIC FINANCIAL STATEMENTS

The basic financial statements include fund financial statements for a Proprietary Fund. The District is a special-purpose government engaged only in business-type activities. For these governments, only enterprise fund financial statements are presented. The accounts of the District are organized and operated on a fund basis. The operations are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, net position, revenues, and expenses.

The focus of proprietary fund measurement is determination of operating income, changes in the net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The District's Enterprise fund is a proprietary fund type. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third-party requirements that cost of providing services including capital costs, be recovered with fees and charges or (c) has a pricing policy designed for the fees and charges of record similar costs.

Proprietary fund *operating revenue and expenses* are related to providing management and operational services within the District. Revenues and expenses arising from capital and non-capital financing activities and from investing activities are presented as non-operating revenues and expenses.

C. BASIS OF ACCOUNTING

The proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property and specific ownership taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

D. CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. CAPITAL ASSETS, continued

The District capitalizes assets with an original cost in excess of \$1,000 and estimates useful lives as follows:

Furniture and Equipment	5-10 years
Plant and Lines	20-40 years

E. BUDGETS AND BUDGETARY ACCOUNTING

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the District Secretary, or other qualified persons appointed by the Board, submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A "Notice of Budget" is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to December 15, the Board shall adopt, by resolution, the budget for the ensuing fiscal year and shall certify the tax levy to the County Commissioners.
4. On or before December 31, the Board shall pass an appropriating resolution in which such sums of money shall be appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.
5. The Budget for the fund is adopted on a basis consistent with state statutes for governmental units, which provides that debt principal payments and capital outlay are treated as expenses.
6. After adoption of the budget resolution, the District may make, by resolution, the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
8. Budget appropriations lapse at the end of each year.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

**E. BUDGETS AND BUDGETARY ACCOUNTING, continued**

The District legally adopted an annual budget for the District's funds for 2019 and no amended budgets were adopted.

The budget for the Enterprise Fund is adopted on a Non-GAAP basis and is reconciled from GAAP basis as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
GAAP Operating Revenues	\$ 864,300	\$ 859,689	\$ (4,611)
GAAP Non-Operating Revenues	994,784	858,509	(136,275)
Total Budgetary Based Revenues	\$ 1,589,084	\$ 1,718,198	\$ (140,886)
Expenses:			
GAAP Operating Expenses	\$ 668,335	\$ 985,164	\$ (316,829)
GAAP Non-Operating Expenses	39,412	39,736	(324)
Less Depreciation and Amortization	-	(337,215)	337,215
Change in Interest Accrual	-	(736)	736
Debt Retirement	225,000	225,000	-
Capital Outlay	1,634,773	1,231,947	402,826
Loss on Asset Disposal	-	-	-
Total Budgetary Based Expenses	\$ 2,567,520	\$ 2,143,896	\$ 423,624

**F. CONTRIBUTED CAPITAL**

Grants and contributions, which may be used for either operations or capital expenditures at the discretion of the District, are recognized as non-operating revenues. If expenditure of the funds is the prime factor for determining eligibility of the contributed funds, revenue is recognized at the time of making the expenditure.

**G. COMPENSATED ABSENCES**

The District has one employee eligible for vacation pay, all of which had been used at year-end, and has no provision for sick leave; accordingly, there are no provisions for compensated absences.

**H. PROPERTY TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES**

Property taxes are levied on December 15 and attach as an enforceable lien on property on January 1<sup>st</sup> of the following year. They may be paid in either one installment (no later than April 30<sup>th</sup>) or two equal installments (not later than February 28<sup>th</sup> and June 15<sup>th</sup>) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16<sup>th</sup>.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. PROPERTY TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES, continued

Property taxes are levied and collected on behalf of the District by Pitkin and Eagle Counties and are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as a deferred inflow of resources.

I. CASH AND CASH EQUIVALENTS/ FAIR VALUE MEASUREMENT

For the purposes of the statement of cash flows for the proprietary fund, all short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash.

The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted market prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2019, the District's investments in Colo Trust were reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

J. CUSTOMER ACCOUNTS RECEIVABLE

The District considers customer accounts receivable to be fully collectible. The District is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is required.

K. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In general, payables and accrued liabilities are paid in a timely manner and in full from current financial resources and are reported as current obligations of the fund. Long-term bond obligations are accrued as a long-term liability on the financial statements.

L. USE OF ESTIMATES

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

M. RESTRICTED ASSETS

Assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

*NOTE 2 - CASH AND INVESTMENTS*

A. Deposits & Investments

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. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102% of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

It is the policy of the District to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the District, and conform to all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the District over which it exercises financial control. 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, including securities issued by FNMA (Federal National Mortgage Association), GNMA (Governmental National Mortgage Association), FHLMC (Federal Home Loan Mortgage Corporation), the Federal Farm Credit Bank, the Federal Land Bank, the Export-Import Bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank.
- . General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- . Bankers' acceptances of certain banks
- . Certain securities lending agreements
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools
- . The investing local government's own securities including certificates of participation and lease obligations.

At December 31, 2019 the District's bank deposits were entirely covered by federal depository insurance or collateralized under PDPA in accordance with state statute, and had bank balances of \$2,536,538 of which \$199,289 was covered by FDIC insurance and \$2,337,249 was collateralized under PDPA.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 2 - CASH AND INVESTMENTS, continued

A. Deposits & Investments, continued

Local Government Investment Pool (Colo Trust)

As of December 31, 2019, the District had invested \$2,337,249 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. 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. 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. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. As of December 31, 2019, the District had \$0 invested in COLOTRUST PRIME, and \$2,337,249 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

B. Total of Cash and Cash Equivalents

A summary of the District's cash and investments at December 31, 2019 is as follows:

Checking Accounts	\$ 199,289
Colostrust Investment Pool	<u>2,337,249</u>
Total Bank Balances	2,536,538
Cash on Hand	50
Less Outstanding Items	<u>(218)</u>
Total Cash and Cash Equivalents	<u>\$ 2,536,370</u>

Included in cash and cash equivalents are investments rated as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Colostrust (Local Govt Investment Pool)	\$ 2,337,249	AAAm	Standard & Poors

C. Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in Colostrust Plus+. Colostrust is rated AAAM by Standard & Poors.

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 2 - CASH AND INVESTMENTS, continued

C. Risk Disclosures, continued

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All District investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to three years as a means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. As of December 31, 2019, the District had no investments that were subject to interest rate risk as described above.

The District was not subject to foreign currency risk as of December 31, 2019.

NOTE 3 - CHANGES IN CAPITAL ASSETS

A summary of property, plant and equipment at December 31, 2019, follows:

	Balance 1/1/19	Additions	Deletions	Balance 12/31/19
Non-Depreciable-				
Land	\$ 95,165	\$ -	\$ -	\$ 95,165
Construction in Process	789,525	-	(758,444)	31,081
Depreciable-				
Land Improvements	131,195	-	-	131,195
Plant and Lines	9,948,928	1,990,390	-	11,939,318
Office Building	323,127	-	-	323,127
Equipment	46,073	-	-	46,073
Vehicles	59,317	-	-	59,317
Office Furniture and Equipment	<u>26,397</u>	<u>-</u>	<u>-</u>	<u>26,397</u>
Totals	11,419,727	1,990,390	(758,444)	12,651,673
Less Accumulated Depreciation	<u>(6,464,772)</u>	<u>(337,215)</u>	<u>-</u>	<u>(6,801,987)</u>
Net Fixed Assets	<u>\$ 4,954,955</u>	<u>\$ 1,653,175</u>	<u>\$ (758,444)</u>	<u>\$ 5,849,686</u>

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

*NOTE 4 - DEFERRED OUTFLOW OF RESOURCES*

In 2011 the District completed an advance refunding of its 2001 General Obligation Bonds to reduce its total debt service payments through December 1, 2022 by \$381,143 and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$288,117. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$91,607. The unamortized difference, reported on the accompanying balance sheet as a deferred outflow of resources, is being charged to interest expense through the year 2022 using the effective-interest method. The amount charged to operations during 2019 is \$6,154. The remaining deferred loss to be recognized is \$8,114.

*NOTE 5 - CHANGES IN LONG-TERM DEBT*

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

	Balance 1/1/19	Additions	Reductions	Balance 12/31/19	Amounts Due Within One Year
2011 G. O. Bonds	\$ 825,000	\$ -	\$ (225,000)	\$ 600,000	\$ 235,000
Deferred Premium	11,862	-	(4,855)	7,007	-
Total	\$ 836,862	\$ -	\$ (229,855)	\$ 607,007	\$ 235,000

The Bonds are comprised of the following:

General Obligation Refunding Bonds, Series 2011

The District issued \$2,460,000 of General Obligation Refunding Bonds dated September 13, 2011 for the purpose of refunding the District's outstanding General Obligation Refunding Bonds, Series 2001, and paying the costs of issuance. Interest rates range from 2% to 4.00% payable semiannually on June 1 and December 1, with annual principal repayments through December 1, 2022, unless the bonds are redeemed earlier. The bonds are subject to redemption prior to maturity at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2020 and on any payment date thereafter upon payment of par and accrued interest, without redemption premium. The bonds are payable from ad valorem property taxes which may be levied without limitation as to rate or amount, on all taxable property within the District, sufficient to pay the principal of and interest on the bonds when due, whether at maturity or upon earlier redemption. Debt service requirements for principal and interest are listed below:

Year	Principal	Interest	Total
2020	\$ 235,000	\$ 22,238	\$ 257,238
2021	240,000	14,600	254,600
2022	125,000	4,999	129,999
	\$ 600,000	\$ 41,837	\$ 641,837

BASALT SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

*NOTE 6 - 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 has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association (SDA) of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official's liability and machinery coverage to its members. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in the last three years.

The District pays annual premiums to the Pool for liability, property and public officials' liability 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. The Pool made no distributions to the District in the year ended December 31, 2019. The District does not provide any employee health and accident insurance.

*NOTE 7 - CONTINGENCIES*

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2019.

*NOTE 8 - TABOR AMENDMENT – REVENUES AND SPENDING LIMITATIONS*

In November 1992, 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 provides that governmental entities that qualify as an "Enterprise" are not subject to the Amendment. An enterprise is defined as a Government owned business authorized to issue its own revenue bonds and receives less than 10% of its total annual revenue from state and local government grants. Management believes that the District qualifies as an "Enterprise" and, therefore, is not subject to the Amendment. The Amendment is complex and subject to judicial interpretation; however, the District believes it is in compliance with the requirements of the Amendment.

*NOTE 9- SUBSEQUENT EVENTS*

Management has evaluated events subsequent to December 31, 2019 through the issuance date of this report. In early 2020 a worldwide pandemic arose caused by the coronavirus Covid-19 which has negatively impacted the general operations of the District during the first several months of 2020. The District's management has acknowledged the threat of the coronavirus; however, the long-term impact on operations is currently unknown as of the date of the auditor's report. There have been no additional material events noted during this period that would impact the result reflected in this report or the District's results going forward.

OTHER SUPPLEMENTAL INFORMATION

**BASALT SANITATION DISTRICT**  
**BUDGET AND ACTUAL COMPARISON - REVENUES**  
**PROPRIETARY FUND**  
 For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Unfavorable)</u>
<b><u>BUDGETARY OPERATING REVENUES</u></b>				
Sewer Service Fees	\$ 831,000	\$ 831,000	\$ 836,565	\$ 5,565
Developmental Review Fees	20,000	20,000	13,199	(6,801)
Inspection Fees	2,800	2,800	2,300	(500)
Late Payment Fees	6,500	6,500	4,904	(1,596)
Miscellaneous Revenue	<u>4,000</u>	<u>4,000</u>	<u>2,721</u>	<u>(1,279)</u>
Total Budgetary Operating Revenues	<u>864,300</u>	<u>864,300</u>	<u>859,689</u>	<u>(4,611)</u>
<b><u>BUDGETARY NON-OPERATING REVENUES</u></b>				
General Property Taxes	255,866	255,866	241,311	(14,555)
Specific Ownership Taxes	9,000	9,000	11,920	2,920
Tap Fees	242,000	242,000	184,800	(57,200)
DOLA Grant	454,040	454,040	365,322	(88,718)
Interest Income	<u>33,878</u>	<u>33,878</u>	<u>55,156</u>	<u>21,278</u>
Total Budgetary Non-Operating Revenues	<u>994,784</u>	<u>994,784</u>	<u>858,509</u>	<u>(136,275)</u>
Total Budgetary Based Revenues	<u>\$ 1,859,084</u>	<u>\$ 1,859,084</u>	<u>\$ 1,718,198</u>	<u>\$ (140,886)</u>

The accompanying notes are an integral part of these financial statements

**BASALT SANITATION DISTRICT**  
**BUDGET AND ACTUAL COMPARISON - EXPENDITURES**  
**PROPRIETARY FUND**  
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Unfavorable)</u>
<b><u>BUDGETARY OPERATING EXPENSES</u></b>				
Administrative Wage & Contract	\$ 161,472	\$ 161,472	\$ 125,458	\$ 36,014
Audit Fee	8,250	8,250	8,250	-
Bank Fees	40	40	40	-
Chemicals and lab	22,500	22,500	18,342	4,158
Condo Association Fees	3,600	3,600	2,619	981
Consulting	-	-	10,237	(10,237)
Computer Expense	9,000	9,000	4,547	4,453
Development Review Fees	20,000	20,000	13,199	6,801
Director Fees	7,000	7,000	4,700	2,300
Dues & Subscriptions	1,250	1,250	1,168	82
Election Expense	-	-	-	-
Engineering	22,000	22,000	7,260	14,740
Insurance	37,946	37,946	40,051	(2,105)
Legal	14,000	14,000	5,553	8,447
License and Permits	2,500	2,500	1,862	638
Office Expense	7,000	7,000	7,286	(286)
Payroll Taxes	4,185	4,185	4,642	(457)
Plant Operator	202,352	202,352	202,352	-
Plant Supplies	3,500	3,500	2,897	603
Postage	3,940	3,940	2,191	1,749
Printing – Copies	2,500	2,500	790	1,710
Repair and Maintenance - Lines	34,500	34,500	35,704	(1,204)
Repair and Maintenance - Plant	24,000	24,000	14,684	9,316
Sludge Removal	14,000	14,000	15,099	(1,099)
Telephone	1,680	1,680	1,721	(41)
Training & Employee Benefits	4,500	4,500	2,600	1,900
Utilities - Office	600	600	598	2
Utilities - Plant	56,020	56,020	60,555	(4,535)
Total Budgetary Operating Expenses	<u>668,335</u>	<u>668,335</u>	<u>594,405</u>	<u>73,930</u>
<b><u>BUDGETARY NON-OPERATING EXPENSES</u></b>				
Bond Interest Expense	28,987	28,987	28,988	(1)
Treasurers Fees	10,225	10,225	9,812	413
Bond Trustee Fees	200	200	200	-
Capital Outlay	1,634,773	1,634,773	1,285,491	349,282
Debt Retirement	225,000	225,000	225,000	-
Total Budgetary Non-Operating Expenses	<u>1,899,185</u>	<u>1,899,185</u>	<u>1,549,491</u>	<u>349,694</u>
Total Budgetary Appropriations	<u>\$ 2,567,520</u>	<u>\$ 2,567,520</u>	<u>\$ 2,143,896</u>	<u>\$ 423,624</u>

The accompanying notes are an integral part of these financial statements