

**CENTER SANITATION DISTRICT**

**FINANCIAL STATEMENTS**

**December 31, 2019**



Wall,  
Smith,  
Bateman Inc.  
Certified Public Accountants

**CENTER SANITATION DISTRICT**  
**FINANCIAL STATEMENTS**  
**December 31, 2019**

**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, 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.

## 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, 2019, 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**

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)

## **Other Matters**

### *Required Supplementary Information*

Management 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 proprietary fund budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The proprietary 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

September 03, 2020

**CENTER SANITATION DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**CENTER SANITATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2019**

<b>ASSETS</b>	<b>2019</b>
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 397,193
Accounts Receivable	96,604
Property Tax Receivable	22,450
<b>Total Current Assets</b>	<b>516,247</b>
<b>Capital Assets</b>	
Construction in Progress	394,337
Land	35,766
Buildings	5,100,720
Machinery and Equipment	102,791
Sewer System	611,820
Less: Accumulated Depreciation	(2,546,075)
<b>Total Capital Assets</b>	<b>3,699,359</b>
<b>TOTAL ASSETS</b>	<b>4,215,606</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accrued Payroll Liabilities	2,160
Accrued Interest	4,648
Bonds and Loans Payable - Current Portion	141,771
<b>Total Current Liabilities</b>	<b>148,579</b>
<b>Noncurrent Liabilities</b>	
Bonds and Loans Payable	1,799,754
<b>Total Noncurrent Liabilities</b>	<b>1,799,754</b>
<b>TOTAL LIABILITIES</b>	<b>1,948,333</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	22,450
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>22,450</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,757,834
Restricted for:	
TABOR	9,000
Bond Reserves	16,202
Unrestricted	461,787
<b>TOTAL NET POSITION</b>	<b>\$ 2,244,823</b>

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

**CENTER SANITATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2019**

<b>OPERATING REVENUES</b>	
User Fees	\$ 354,106
Lease Income	155,538
Miscellaneous	4,186
	513,830
<b>Total Operating Revenues</b>	<b>513,830</b>
<b>OPERATING EXPENSES</b>	
Administration	40,331
System Maintenance	144,356
Plant Maintenance	97,930
Depreciation Expense	151,678
	434,295
<b>Total Operating Expenses</b>	<b>434,295</b>
<b>OPERATING INCOME (LOSS)</b>	<b>79,535</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Property Taxes	24,690
Specific Ownership Taxes	4,626
Interest Revenue	93
Interest Expense	(77,680)
	(48,271)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(48,271)</b>
<b>CHANGE IN NET POSITION</b>	<b>31,264</b>
<b>NET POSITION, Beginning of Year</b>	<b>2,213,559</b>
<b>NET POSITION, End of Year</b>	<b>\$ 2,244,823</b>

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

**CENTER SANITATION DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 374,046
Cash received from others	393,504
Cash paid to employees	(13,968)
Cash paid to suppliers	<u>(268,649)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>484,933</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash received from taxes	<u>29,316</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on loans	(137,264)
Interest payments on loans	<u>(77,680)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(214,944)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest revenue	<u>93</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	299,398
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>97,795</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 397,193</u></u>
<b>OPERATING INCOME (LOSS)</b>	\$ 79,535
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Depreciation Expense	151,678
Change in Assets and Liabilities	
(Increase) decrease in accounts receivable	17,488
(Increase) decrease in due from other governments	233,780
Increase (decrease) in accounts payable	292
Increase (decrease) in accrued payroll liabilities	<u>2,160</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 484,933</u></u>

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

**CENTER SANITATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

**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 proprietary 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, 2019**

**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 2019 property tax levy due January 1, 2020 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 an 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.
- *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.

**CENTER SANITATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

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 no supplemental appropriations during 2019.

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 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.

**CENTER SANITATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

***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, 2019, \$76,953 of the District's bank balance of \$421,089 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, 2019, was as follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<i>Business-Type Activities</i>				
Capital assets not being depreciated				
Construction in Progress	\$ 1,947,022	\$ -	\$ 1,552,685	\$ 394,337
Land	35,766	-	-	35,766
Total capital assets not being depreciated	<u>1,982,788</u>	<u>-</u>	<u>1,552,685</u>	<u>430,103</u>
Capital assets being depreciated				
Buildings	3,548,035	1,552,685	-	5,100,720
Machinery and Equipment	102,791	-	-	102,791
Sewer System	611,820	-	-	611,820
Total capital assets being depreciated	<u>4,262,646</u>	<u>1,552,685</u>	<u>-</u>	<u>5,815,331</u>
Less accumulated depreciation for:				
Buildings	(1,915,794)	(118,329)	-	(2,034,123)
Machinery and Equipment	(93,530)	(1,952)	-	(95,482)
Sewer System	(385,073)	(31,397)	-	(416,470)
Total accumulated depreciation	<u>(2,394,397)</u>	<u>(151,678)</u>	<u>-</u>	<u>(2,546,075)</u>
Total Capital Assets being depreciated, net	<u>1,868,249</u>	<u>(151,678)</u>	<u>-</u>	<u>3,269,256</u>
<i>Business-Type Activities</i>				
<i>Capital Assets, Net</i>	<u>\$ 3,851,037</u>	<u>\$ 1,401,007</u>	<u>\$ 1,552,685</u>	<u>\$ 3,699,359</u>

**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, 2019 totaled \$155,538. The carrying amount of the property under lease as of December 31, 2019 was \$1,185,938. The SLVDRG Loan from 1998 discussed in Note 6 is related to this property. At December 31, 2019, the outstanding balance of this note was \$440,363. The SLVDRG Loan from 2017 is also related to this property. At December 31, 2019, the outstanding balance of this note is \$1,423,645.

**CENTER SANITATION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

During 2005, the District ceased operating the agricultural wastewater treatment facility. The operation of the plant was transferred to the Idaho-Pacific 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 12/31/2018	Additions	Deletions	Balance 12/31/2019	Due Within One Year
<i>Business-Type Activities</i>					
RECD	\$ 52,108	\$ -	\$ 12,200	\$ 39,908	\$ 12,800
SLV DRG Loan (1998)	488,963	-	48,600	440,363	48,600
SLV DRG Loan (2017)	1,495,710	-	72,065	1,423,645	75,752
DOLA Loan - EIAF #5050	42,008	-	4,399	37,609	4,619
Total	<u>\$ 2,078,789</u>	<u>\$ -</u>	<u>\$ 137,264</u>	<u>\$ 1,941,525</u>	<u>\$ 141,771</u>

**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, 2019**

**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.

Annual debt service payments to maturity are as follows:

	Principal	Interest	Total
2020	\$ 141,771	\$ 73,204	\$ 214,975
2021	146,477	68,433	214,910
2022	150,202	63,436	213,638
2023	141,931	58,361	200,292
2024	146,700	53,593	200,293
2025-2028	1,214,444	129,666	1,344,110
Total	\$ 1,941,525	\$ 446,693	\$ 2,388,218

**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**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

***Construction Projects***

On September 23, 2019 the District entered into a grant agreement with the State of Colorado Department of Local Affairs for \$1,000,000, a USDA loan of \$1,855,000, and USDA Grant for \$6,663,000 for the purpose of improving the District's wastewater collection system for an expected total cost of \$9,518,000. Construction is estimated to begin at the end of 2020 and should take approximately a year to complete.

**NOTE 10 SUBSEQUENT EVENTS**

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity throughout the District could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

**CENTER SANITATION DISTRICT**  
**SUPPLEMENTARY INFORMATION**

**CENTER SANITATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL -PROPRIETARY FUND - NON GAAP**  
**For the Year Ended December 31, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>OPERATING REVENUE</b>				
User Fees	\$ 330,000	\$ 330,000	\$ 354,106	\$ 24,106
Lease Income	193,793	193,793	155,538	(38,255)
Miscellaneous	-	-	4,186	4,186
<b>Total Operating Revenues</b>	<u>523,793</u>	<u>523,793</u>	<u>513,830</u>	<u>(9,963)</u>
<b>OPERATING EXPENSES</b>				
Administration	48,119	48,119	40,331	7,788
System Maintenance	141,207	141,207	144,356	(3,149)
Plant Maintenance	110,844	110,844	97,930	12,914
Sludge Removal Reserve	121,400	121,400	-	121,400
<b>Total Operating Expenses</b>	<u>421,570</u>	<u>421,570</u>	<u>282,617</u>	<u>138,953</u>
<b>OPERATING INCOME (LOSS)</b>	<u>102,223</u>	<u>102,223</u>	<u>231,213</u>	<u>128,990</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Property Taxes	-	-	24,690	24,690
Specific Ownership Taxes	26,600	26,600	4,626	(21,974)
Loan Principal	(135,308)	(135,308)	(137,264)	(1,956)
Interest Revenue	-	-	93	93
Interest Expense	(92,969)	(92,969)	(77,680)	15,289
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(201,677)</u>	<u>(201,677)</u>	<u>(185,535)</u>	<u>16,142</u>
<b>Net Income (Loss) - Budget Basis</b>	<u>(99,454)</u>	<u>(99,454)</u>	<u>45,678</u>	<u>145,132</u>
ADD: Loan Principal			137,264	
LESS: Depreciation Expense			<u>(151,678)</u>	
<b>CHANGE IN NET POSITION</b>			31,264	
<b>NET POSITION, Beginning of Year</b>	<u>230,968</u>	<u>230,968</u>	<u>2,213,559</u>	<u>1,982,591</u>
<b>NET POSITION, End of Year</b>	<u>\$ 131,514</u>	<u>\$ 131,514</u>	<u>\$ 2,244,823</u>	<u>\$ 2,113,309</u>