

**EAST DILLON WATER DISTRICT  
FRISCO, COLORADO**

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

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DECEMBER 31, 2005

**EAST DILLON WATER DISTRICT  
FRISCO, COLORADO**

**CONTENTS**

	<u>Page</u>
<b>Independent Auditor's Report</b>	
<b>Management's Discussion and Analysis .....</b>	<b>i-iii</b>
<b>Basic Financial Statements</b>	
Statement of Net Assets .....	1
Statement of Activities .....	2
Statement of Cash Flows.....	3
Notes to Financial Statements .....	4-9
<b>Other Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Net assets Budget (Non - US GAAP) Basis and Actual.....	10



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
East Dillon Water District  
Frisco, Colorado

We have audited the accompanying financial statements of the business-type activities of the East Dillon Water District (the District), Frisco, Colorado, as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of December 31, 2005, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i - iii, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hiratsuka & Schmitt, LLP*

Denver, Colorado  
November 19, 2006

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## Management's Discussion and Analysis

As management of the East Dillon Water District, Frisco, Colorado we offer readers of the East Dillon Water District's (the District) financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$5,483,498 (net assets). Of this amount, \$4,782,084 was invested in capital assets of the District and may not be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$97,360.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: 1) government-wide financial statements, 2) notes to the financial statements, and 3) Supplementary Information that provide comparisons of budget on the non – US GAAP (Generally Accepted Accounting Principles) budgetary basis to actual.

**Business Type Activities financial statements.** These financial statements are designed to provide readers with a broad overview of the District in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The business-type activities of the District include the water distribution operation.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the District are reported in one fund. The District adopts an annual appropriated budget as required by State Statute. The budgetary comparison statement is provided for the fund to demonstrate compliance with this budget.

**Proprietary Funds** - The District uses an Enterprise fund to account for its water operation.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

## Stand-alone Enterprise Fund Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a district's financial position. In the case of the District, assets exceeded liabilities by \$5,483,498 at the close of the most recent fiscal year.

By far the largest portion of the District's net assets (87 percent) reflects its investment in capital assets (e.g., land, medians, water rights, water lines, water pump stations, water storage tanks, equipment and meters). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net assets (\$612,912) may be used to meet the district's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in both categories of net assets.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Depreciation expense (33 percent) and interest on long-term debt (22 percent) were the largest components of operating expenses. Other financial highlights include:

- The District expended \$10,377 for capital assets. These expenditures were necessary to maintain and up-grade the water distribution system and related equipment. \$51,314 was spent on repair of water leaks and repairs to pump house.
- Investment increases of \$158,650 more than offset the \$10,556 decrease in operating cash.

### Comparative Statements of Net Assets

		<u>2005</u>		<u>2004</u>
Current and other assets	\$	926,783	\$	746,680
Capital assets		7,914,650		8,124,928
Total assets		<u>8,841,433</u>		<u>8,871,608</u>
Long-term liabilities				
outstanding		3,132,566		3,270,676
Other liabilities		225,369		214,794
Total liabilities		<u>3,357,935</u>		<u>3,485,470</u>
Net assets:				
Invested in capital assets, net of related debt		4,782,084		4,854,252
Restricted		88,502		92,100
Unrestricted		612,912		439,786
Total net assets	\$	<u>5,483,498</u>	\$	<u>5,386,138</u>

## Comparative Statements of Activities

	<u>2005</u>	<u>2004</u>
Operating revenue	\$ 560,518	\$ 617,372
Operating expense	299,260	287,652
Administrative expense	210,967	195,230
Debt service expense	154,677	164,115
Total expense	<u>664,904</u>	<u>646,997</u>
Net (loss) from operations	(104,386)	(29,625)
Non operating revenue	201,746	185,715
Net income	<u>\$ 97,360</u>	<u>\$ 156,090</u>

### FUTURE PLANS:

- Expand user education on water usage and conservation. Promote prudent landscaping utilizing xeriscape techniques. Participate in the development of water conservation examples of which would be the entrance medians reflecting low maintenance and minimal water landscaping.
- Continue the use of escalating water rates to encourage water conservation.
- Work on the development of long-term options for additional water resources utilizing existing water rights.
- Plan for the operational changes in the District from capital growth funded by developmental tap fees to capital replacement programs funded by user fees and the mill levy.

### Requests for Information

This financial report is designed to provide a general overview of the East Dillon Water District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

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P.O. Box 627  
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EAST DILLON WATER DISTRICT  
FRISCO, COLORADO  
Proprietary Fund - Enterprise (Water) Fund  
Statement of Net Assets  
December 31, 2005

<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 35,270
Investments	521,344
Accounts receivable:	
Customer	117,431
Taxes	193,208
Inventory	4,866
<b>Total current assets</b>	<b>872,119</b>
<b>Fixed assets:</b>	
Water lines	1,799,387
Water pump stations	1,573,441
Water storage tanks	2,837,563
Equipment	556,486
Meters	256,793
	7,023,670
Less: accumulated depreciation	2,666,919
	4,356,751
Land	39,916
Medians	52,453
Water rights	3,465,530
<b>Net fixed assets</b>	<b>7,914,650</b>
<b>Other assets:</b>	
Note escrow account	54,664
<b>Total other assets</b>	<b>54,664</b>
<b>Total assets</b>	<b>8,841,433</b>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	17,354
Current portion long-term debt	144,950
Accrued interest payable	18,673
Deferred property taxes	189,342
<b>Total current liabilities</b>	<b>370,319</b>
<b>Long-term debt:</b>	
Notes payable - net of current portion	2,987,616
<b>Total liabilities</b>	<b>3,357,935</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	4,782,084
Restricted for:	
TABOR	18,640
Reserved for Colorado Water Conservation Board - note	15,198
Reserved for Wells Fargo - loan	54,664
Unrestricted	612,912
<b>Total net assets</b>	<b>\$ 5,483,498</b>

The accompanying notes are an integral part of this statement.

EAST DILLON WATER DISTRICT  
FRISCO, COLORADO  
Proprietary Fund - Enterprise (Water) Fund  
Statement of Activities  
For the year ended December 31, 2005

<b>Operating revenues:</b>	
User charges	\$ 412,089
Tap fees	146,500
Miscellaneous	1,929
<b>Total operating revenues</b>	<b>560,518</b>
<b>Operating expenses:</b>	
<b>Operations:</b>	
Depreciation	220,655
Repair and maintenance	52,070
Supplies and tests	7,326
Utilities - water pumping	19,209
<b>Total operations expense</b>	<b>299,260</b>
<b>Administration:</b>	
Accounting	5,050
Administration	49,200
Meter reading	1,200
Directors fees	1,425
Engineering	4,139
Insurance and bonds	16,810
Legal fees	7,557
Miscellaneous	2,681
Office supplies	4,881
Dues and subscriptions	1,472
Operations contract	114,000
Telephone	2,552
<b>Total administration</b>	<b>210,967</b>
<b>Debt service:</b>	
Interest	145,952
County Treasurer fees	8,725
<b>Total debt service</b>	<b>154,677</b>
<b>Total operating expenses</b>	<b>664,904</b>
<b>Net (loss) from operations</b>	<b>(104,386)</b>
<b>Non operating revenues:</b>	
Property, specific ownership taxes	185,615
Interest on investments	16,131
<b>Total non operating revenues</b>	<b>201,746</b>
<b>Net income</b>	<b>97,360</b>
Net assets, beginning of year	5,386,138
<b>Net assets, end of year</b>	<b>\$ 5,483,498</b>

The accompanying notes are an integral part of this statement.



EAST DILLON WATER DISTRICT  
FRISCO, COLORADO  
Proprietary - Enterprise (Water) Fund  
Statement of Cash Flows  
For the year ended December 31, 2005

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 544,091
Cash paid to suppliers	(452,854)
<b>Net cash provided by operating activities</b>	<b>91,237</b>
<b>Cash flows from capital financing activities:</b>	
Property and specific ownership taxes received	185,615
Acquisition of capital assets	(10,377)
Principal payments on notes and loans	(138,110)
<b>Net cash provided by capital financing activities</b>	<b>37,128</b>
<b>Cash flows from investing activities:</b>	
Redemption (Purchase) of investments	(158,650)
Change in bond escrow account	3,598
Interest on investments	16,131
<b>Net cash (used) by investing activities</b>	<b>(138,921)</b>
<b>Net (decrease) in cash</b>	<b>(10,556)</b>
Cash and cash equivalents, beginning of year	45,826
<b>Cash and cash equivalents, end of year</b>	<b>\$ 35,270</b>
<b>Reconciliation of net operating income to net cash provided by operations</b>	
<b>Net (loss) from operations</b>	<b>\$ (104,386)</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>	
Depreciation expense	220,655
(Increase) decrease in:	
Accounts receivable	(13,537)
Other accounts receivable	(17,743)
Inventory	756
(Decrease) increase in:	
Accounts payable	(8,827)
Deferred property taxes	14,853
Accrued interest payable	(534)
<b>Total adjustments</b>	<b>195,623</b>
<b>Net cash provided by operating activities</b>	<b>\$ 91,237</b>

The accompanying notes are an integral part of this statement.

**EAST DILLON WATER DISTRICT  
FRISCO, COLORADO  
Notes to Financial Statements  
December 31, 2005**

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**1. Summary of significant accounting policies**

The accounting policies of the East Dillon Water District, (the District) Frisco, Colorado, conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

**Reporting entity**

The District was established by state statute in 1966 and is governed by a five member elected Board of Directors. As required by US GAAP, these financial statements present the activities of the District which is legally separate and financially independent of other state and local governments. The District supplies water for the geographical area organized as the East Dillon Water District.

The District has no component units as defined by the Governmental Accounting Standards Board (GASB), Statement No 14, *The Financial Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations Are Component Units*.

**Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on the *business-type activities* of the District, which rely to a significant extent on user fees and charges for support. The statement of activities demonstrates the degree to which expenses of the *business-type activities* are supported by user fees.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The District generally applies all applicable GASB pronouncements as well as relevant Financial Accounting Standards (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case GASB prevails.

The *business-type* fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations, the delivery of water. Operating expenses for the District include costs of sales and services, operating expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition, including property and specific ownership taxes and interest income are reported as nonoperating revenues and expenses.

The District has one proprietary fund. District water is provided on a metered rate. The District accounts for tap fees as operating revenue to be expended for capital improvements.

1. **Summary of significant accounting policies (continued)**

**Measurement focus, basis of accounting and financial statement presentation (continued)**

**Assets, liabilities and net assets**

**Cash and cash equivalents**

For purposes of the statement of cash flows the District considers demand deposits to be cash equivalents.

**Fair value of financial instruments**

The District's financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable, accrued interest and long-term debt. The District estimates that the fair value of all financial instruments at December 31, 2005 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**Estimates**

The preparation of financial statements in conformity with US GAAP requires District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property taxes**

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in two equal installments due February 28 and June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of August 1. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections, on a monthly basis, to the District. No provision has been made for uncollected taxes, as all taxes are deemed fully collectible.

**Inventories**

Inventories are valued at cost using the first-in/first-out method.

**Capital assets**

All purchased capital assets of the water distribution system and related equipment is valued at cost. These assets are depreciated using the straight-line method over their estimated useful lives of 5 to 40 years.

2. **Stewardship, compliance and accountability**

**Budgetary information**

Budgets are adopted on a non – US GAAP basis. Bond principal payments are budgeted as expenses. Depreciation expense is not budgeted.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

Prior to October 15, of each year the District manager (not an elected official) submits a proposed operating budget for the fiscal year commencing the following January 1 to the Board of Directors (elected officials). The operating budget, for the fund, includes proposed expenses and the means of financing them.

Public hearings are held at the regular Board of Directors meetings to obtain taxpayer input. Prior to December 15 the budget is legally enacted through passage of a budget resolution. The Board of Directors must approve revisions that change total expenditures of the fund.

No supplemental budgetary appropriations were made during the period. Colorado Revised Statutes require a balanced budget.

3. **Detailed notes concerning the fund**

**Deposits and investments – Custodial Credit Risk**

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is 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 equal to 102% of the aggregate uninsured deposits.

As of December 31, 2005, all of the District's deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include State regulated local government investment pools. As of December 31, 2005, all District investments were deposited in a regulated local government investment pool and a state regulated mutual fund. These investments are not categorized because the investments are not evidenced by securities that exist in physical or book entry form.

**EAST DILLON WATER DISTRICT  
FRISCO, COLORADO  
Notes to Financial Statements  
December 31, 2005**

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**3. Detailed notes concerning the fund (continued)**

**Contract services**

The District has no employees and contracts for all management services.

**Loan escrow account**

Per the loan agreement with the Wells Fargo Bank the District has restricted cash deposited in a money market account with a fair value of \$54,664 at December 31, 2005. See also long-term debt.

**Capital assets – being depreciated**

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Ending Balance
Water lines	\$ 1,799,387	\$ --	\$ 1,799,387
Water pump stations	1,573,441	--	1,573,441
Water storage tanks	2,837,564	--	2,837,564
Equipment	556,486	--	556,486
Meters	250,274	6,518	256,792
	<u>7,017,152</u>	<u>6,518</u>	<u>7,023,670</u>
Less:			
Accumulated depreciation	2,446,264	220,655	2,666,919
	<u>4,570,888</u>	<u>\$ (214,137)</u>	<u>\$ 4,356,751</u>

The District added to \$3,859 to medians which are not depreciated.

**Long-term debt**

In 2002 the District acquired 86 acre-feet of senior water rights from the Vidler Water Company including the rights to five acre-feet of storage water in the Dillon Reservoir, and ten wells located in the Soda Creek alluvium. The District had acquired 20 acre-feet of senior water rights from the City of Golden in 2001. These rights were acquired with financing provided by a loan and an Enterprise Revenue Note.

On November 10, 2002 the District executed a loan in the principal amount of \$2,550,000 with the State of Colorado, Department of Natural Resources, and the Colorado Water Conservation Board as authorized by the voters in the District at a May 7, 2003 election. The note bears an interest rate of 4.25%, payable in yearly installments of \$151,976 for a period of thirty years. The District pledges to repay the note from general revenues from taxes received each year as authorized by the District's election and resolution dated May 7, 2002.

On May 17, 2002 the District executed an Enterprise Revenue Note in the principal amount of \$1,017,500 with NOSEC & Co. The note bears an interest rate of 5.25%, payable in 20 bi-annual installments of \$66,043. The note is a limited and special obligation of the District payable from all legally available pledged revenues of the District.

**EAST DILLON WATER DISTRICT  
FRISCO, COLORADO  
Notes to Financial Statements  
December 31, 2005**

**3. Detailed notes concerning the fund (continued)**

**Long-term debt (continued)**

Annual debt service requirements to maturity are as follows:

	Water Resources Note			Revenue Note		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 49,400	\$ 102,576	\$ 151,976	\$ 95,550	\$ 36,536	\$ 132,086
2007	51,499	100,477	151,976	100,633	31,453	132,086
2008	53,687	98,289	151,976	105,985	26,101	132,086
2009	55,969	96,007	151,976	111,622	20,464	132,086
2010	58,348	93,628	151,976	117,559	14,527	132,086
2011-15	331,112	428,766	759,878	187,655	9,963	197,618
2016-20	407,713	352,165	759,878	--	--	--
2021-25	502,036	257,842	759,878	--	--	--
2026-30	618,181	141,697	759,878	--	--	--
2031-32	285,617	18,334	303,951	--	--	--
<b>Total</b>	<b>\$ 2,413,562</b>	<b>\$ 1,689,781</b>	<b>\$ 4,103,343</b>	<b>\$ 719,004</b>	<b>\$ 139,044</b>	<b>\$ 858,048</b>

**Changes in long-term debt**

The following is an analysis of changes in long term debt for the period ended December 31, 2005.

	Balance January 1, 2005	Additions	Payments	Balance December 31, 2005
Water Resources note	\$ 2,460,947	\$ --	\$ 47,385	\$ 2,413,562
Revenue note	760,430	--	41,426	719,004
	<b>\$ 3,221,377</b>	<b>\$ --</b>	<b>\$ 88,811</b>	<b>\$ 3,132,566</b>

**4. Other information**

**Insurance pools**

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 of Colorado. The Pool provides property and general liability, public official's liability, and boiler and machinery coverage's to the District. Members of the Pool may be required to make additional surplus contributions. 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.

4. Other information (continued)

**Contractual services agreement**

The District is obligated under an agreement dated March 6, 1995, for the maintenance, repair and general operation of its facilities to include well fields, pumping and plant equipment, water and service lines, and controls. The initial agreement was for the three years ending December 31, 1994, and automatically renews for three additional years. In compliance with the terms of the agreement now in force the District paid \$114,000 for the year ended December 31, 2005 and in absence of prior termination shall be automatically renewed for successive one year periods: provided however, either party may terminate this agreement, for any reason, with ninety days written notice to the other party.

In addition the District is leasing office space to the party providing the contractual services in exchange for snow plowing of the office access driveway, installation of a telephone, and providing office furniture. The basic term of the lease, including renewal provisions, corresponds to the contractual service agreement.

**TABOR Amendment**

In November 1992, Colorado voters approved Amendment 1 to the State Constitution, which is commonly known as the Taxpayer's Bill of Rights or the TABOR Amendment. The Amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refundings to lower interest rates and adding employees to pension plans). The amendment does not apply to units of local government that are defined as an "enterprise."

The Amendment defined the District's year-end, December 31, 1992, as the initial base year for purposes of defining compliance with the Amendment. The Amendment defines inflation and local growth. Future year's revenue, based upon prior year's revenue, is only allowed to increase based upon the inflationary and local growth factors. The District must refund revenue received in excess of the prior year's revenue to the voters, unless the voters approve retention of the excess revenue.

The amendment also requires the District to establish an "Emergency Reserve" which must be equal to 3% of current year's revenue. Conditions under which these reserves may be spent are severity limited.

The property tax levy relates to pre-TABOR debt that was incurred to retire the revenue bonds (see Note 3, Note Payable), which ceases upon the retirement of the debt. The District is exempt from the 10% property tax rule and qualifies as an "enterprise".

The District believes that it complies with the provisions of TABOR, as it is currently understood. Many of the provisions may not become fully understood with out judicial review.

EAST DILLON WATER DISTRICT  
FRISCO, COLORADO  
Proprietary Fund - Enterprise (Water) Fund  
Schedule of Revenues, Expenditures and Changes in Net Assets  
Budget (Non - US GAAP) Basis and Actual  
For the year ended December 31, 2005

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Operating revenues:</b>			
User charges	\$ 385,000	\$ 412,089	\$ 27,089
Property, specific ownership taxes	184,489	185,615	1,126
Interest on investments	3,000	16,131	13,131
Tap fees	75,000	146,500	71,500
Miscellaneous	750	1,929	1,179
<b>Total operating revenues</b>	<b>648,239</b>	<b>762,264</b>	<b>114,025</b>
<b>Operating expenses:</b>			
<b>Operations:</b>			
Water purchases	15,000	-	15,000
Repair and maintenance	30,000	52,070	(22,070)
Supplies and tests	6,500	7,326	(826)
Utilities - water pumping	20,000	19,209	791
<b>Total operating expense</b>	<b>71,500</b>	<b>78,605</b>	<b>(7,105)</b>
<b>Administration:</b>			
Accounting	4,000	5,050	(1,050)
Administration	49,200	49,200	-
Meter reading	1,200	1,200	-
Directors fees	1,874	1,425	449
Engineering	5,000	4,139	861
Insurance and bonds	18,000	16,810	1,190
Legal fees	10,000	7,557	2,443
Office supplies	6,000	4,881	1,119
Miscellaneous	1,000	2,681	(1,681)
Dues and subscriptions	2,250	1,472	778
Operations contract	114,000	114,000	-
Telephone	2,600	2,552	48
<b>Total administration</b>	<b>215,124</b>	<b>210,967</b>	<b>4,157</b>
<b>Debt service:</b>			
Interest	145,952	145,952	-
County Treasurer fees	8,725	8,725	-
<b>Total debt service</b>	<b>154,677</b>	<b>154,677</b>	<b>-</b>
<b>Total expenses</b>	<b>441,301</b>	<b>444,249</b>	<b>(2,948)</b>
<b>Net income non US GAAP budgetary basis</b>	<b>\$ 206,938</b>	<b>318,015</b>	<b>\$ 111,077</b>
<b>Adjustments to US GAAP basis:</b>			
Less:			
Depreciation		(220,655)	
<b>Net income</b>		<b>97,360</b>	
Net assets- beginning of year		<b>5,386,138</b>	
<b>Net assets, end of year</b>		<b>\$ 5,483,498</b>	