

**EAST DILLON WATER DISTRICT
FRISCO, COLORADO**

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2009

**EAST DILLON WATER DISTRICT
FRISCO, COLORADO**

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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, 2009, 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, 2009, 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
October 10, 2010

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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, 2009. 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 \$5,828,471 (net assets). Of this amount, \$5,056,882 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 decreased by \$13,427.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) notes to the financial statements, and 3) other supplementary information that provides a comparison 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 report on 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 schedule is provided to demonstrate compliance with the state statutes.

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

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 \$5,828,471 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, 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 (\$671,364) 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 all categories of net assets.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Depreciation expense (30 percent) and interest on long-term debt (19 percent) were the largest components of operating expenses. Other financial highlights include:

- The District expended \$237,935 for capital assets. All of the expense was related to the District purchase of capital assets to replace the current water metering system and line additions.

Comparative Statements of Net Assets as of December 31:

		<u>2009</u>		<u>2008</u>
Current and other assets	\$	999,160	\$	1,374,711
Capital assets		<u>7,913,431</u>		<u>7,886,560</u>
Total assets		<u>8,912,591</u>		<u>9,261,271</u>
Long-term liabilities				
Outstanding		2,856,349		2,947,980
Other liabilities		<u>227,575</u>		<u>471,393</u>
Total liabilities		<u>3,084,124</u>		<u>3,419,373</u>
Net assets:				
Invested in capital assets, net of related debt		5,056,882		4,770,988
Restricted		100,225		100,065
Unrestricted		<u>671,364</u>		<u>970,845</u>
Total net assets	\$	<u><u>5,828,471</u></u>	\$	<u><u>5,841,898</u></u>

Comparative Statements of Activities

		<u>2009</u>		<u>2008</u>
Operating revenue	\$	<u>435,079</u>	\$	<u>487,614</u>
Operating expense		297,406		288,894
Administrative expense		257,331		250,377
Debt service expense		<u>143,471</u>		<u>144,517</u>
Total expense		<u>698,208</u>		<u>683,788</u>
Net (loss) from operations		(263,129)		(196,174)
Non operating revenue		<u>249,701</u>		<u>268,159</u>
Net income (loss)	\$	<u><u>(13,428)</u></u>	\$	<u><u>71,985</u></u>

FUTURE PLANS:

The East Dillon Water District has components of the infrastructure that are over 50 years in age. The District anticipates future capital expenditures to replace and improve water lines, water production facilities, and water storage. The District continues to investigate options to increase the amount of wet water available for water service, particularly during drought periods. The District intends to increase funding of capital reserves through a combination of tap fee revenues, allocation of users fees to capital, and the reduction of loan interest through the retirement of debt. Property tax revenues are allocated to the payment of the 30 year water rights loan.

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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**EAST DILLON WATER DISTRICT
FRISCO, COLORADO
Proprietary Fund - Enterprise (Water) Fund
Statement of Net Assets
December 31, 2009**

	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 327,535	\$ 14,055
Investments	278,376	794,259
Accounts receivable:		
Customer	125,168	139,844
Cost reimbursement	7,415	
Taxes	198,435	236,543
Inventory	542	542
Total current assets	937,471	1,185,243
Capital assets - depreciable:		
Water lines	1,923,487	1,799,387
Water pump stations	1,573,441	1,573,441
Water storage tanks	2,837,563	2,837,563
Equipment	591,174	591,174
Meters	772,708	658,871
	7,698,373	7,460,436
Less: accumulated depreciation	3,536,563	3,325,497
Net depreciable capital assets	4,161,810	4,134,939
Capital assets - non depreciable		
Land	39,915	39,915
Medians	220,065	220,065
Master plan	21,334	21,334
Water rights	3,470,307	3,470,307
Net capital assets	7,913,431	7,886,560
Other assets:		
Restricted cash - lease	--	127,939
Long-term note escrow account	61,689	61,529
Total other assets	61,689	189,468
Total assets	8,912,591	9,261,271
LIABILITIES		
Current liabilities:		
Accounts payable	13,473	50,340
Current portion long-term debt	176,304	167,592
Accrued interest payable	16,277	16,918
Deferred property taxes	197,825	236,543
Total current liabilities	403,879	471,393
Long-term debt:		
Notes, lease payable - net of current portion	2,680,245	2,947,980
Total liabilities	3,084,124	3,419,373
NET ASSETS		
Invested in capital assets, net of related debt	5,056,882	4,770,988
Restricted for:		
TABOR	23,338	23,338
Reserved for Colorado Water Conservation Board - note	15,198	15,198
Reserved for Wells Fargo - loan	61,689	61,529
Unrestricted	671,364	970,845
Total net assets	\$ 5,828,471	\$ 5,841,898

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, 2009**

Operating revenues:	
User charges	\$ 406,873
Tap fees	22,750
Miscellaneous	5,456
Total operating revenues	435,079
Operating expenses:	
Operations:	
Depreciation	211,066
Repair and maintenance	57,362
Supplies and tests	8,902
Utilities - water pumping	20,076
Total operations expense	297,406
Administration:	
Accounting	11,550
Administration	57,600
Meter reading	600
Directors fees	1,425
Engineering	7,658
Insurance and bonds	16,332
Legal fees	15,572
Miscellaneous	108
Office supplies	7,752
Dues and subscriptions	1,851
Operations contract	132,000
Telephone	4,883
Total administration	257,331
Debt service:	
Interest	131,689
County Treasurer fees	11,782
Total debt service	143,471
Total operating expenses	698,208
Net (loss) from operations	(263,129)
Non operating revenues:	
Property, specific ownership taxes	246,691
Interest income	3,010
Total non operating revenues	249,701
Net income	(13,428)
Net assets, beginning of year	5,841,899
Net assets, end of year	\$ 5,828,471

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, 2009**

Cash flows from operating activities:	
Cash received from customers	\$ 441,727
Cash paid to suppliers	(524,650)
Net cash (used) by operating activities	(82,923)
Cash flows from capital and related financing activities:	
Property and specific ownership taxes received	246,691
Principal payments on loans, notes and capital leases	(259,023)
Acquisition of capital assets	(237,937)
Net cash (used) by capital financing activities	(250,269)
Cash flows from investing activities:	
Redemption (Purchase) of investments	515,883
(Increase) in bond escrow account	(160)
Interest on investments	3,010
Net cash provided by investing activities	518,733
Net increase in cash	185,541
Cash and cash equivalents, beginning of year	141,994
Cash and cash equivalents, end of year	\$ 327,535
Reconciliation of net operating (loss) to net cash provided by operations	
Net (loss) from operations	\$ (263,129)
Adjustments to reconcile net operating (loss) to net cash provided by operating activities:	
Depreciation expense	211,066
(Increase) decrease in:	
Accounts receivable	7,261
(Decrease) increase in:	
Accounts payable	(36,867)
Deferred property taxes	(613)
Accrued interest payable	(641)
Total adjustments	180,206
Net cash (used) by operating activities	\$ (82,923)

The accompanying notes are an integral part of this statement.

1. **Summary of significant accounting policies**

The accounting policies of the East Dillon Water District, Frisco, Colorado, (the District), 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 Statement 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 operating, administrative and debt service expenses. All revenues and expenses not meeting this definition, including property, 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, 2009 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 tax lien will be sold at public auction. Summit 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

Impressed 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. Principal payments on long-term debt are budgeted while 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, 2009, all of the District's deposits were insured by the Federal Deposit Insurance Corporation and 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 local state regulated investment pools. The Town invests in one such pool, COLOTRUST - Prime. This investment is not categorized because the investment is not evidenced by securities that exist in physical or book entry form. COLOTRUST is rated AAAM by Standard & Poor's.

**EAST DILLON WATER DISTRICT
FRISCO, COLORADO
Notes to Financial Statements
December 31, 2009**

3. Detailed notes concerning the fund (continued)

Contract services

The District has no employees and contracts for all operational and 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 \$61,689 at December 31, 2009. See also long-term debt.

Capital assets

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance		Additions		Ending Balance
Not being depreciated:					
Land	\$ 39,915	\$	--	\$	39,915
Medians	220,065		--		220,065
Master plan	21,334		--		21,334
Water rights	3,470,307		--		3,470,307
Total non-depreciable assets	\$ 3,751,621	\$	--	\$	3,751,621
Being depreciated:					
Water lines	\$ 1,799,387	\$	124,099	\$	1,923,487
Water pump stations	1,573,441		--		1,573,441
Water storage tanks	2,837,563		--		2,837,563
Equipment	591,174		--		591,174
Meters	658,871		113,836		772,708
	7,460,436		237,935		7,698,373
Less:					
Accumulated depreciation	3,325,497		211,066		3,536,563
Total depreciable assets	\$ 4,134,939	\$	26,869	\$	4,431,8108

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 a Revenue Note.

**EAST DILLON WATER DISTRICT
FRISCO, COLORADO
Notes to Financial Statements
December 31, 2009**

3. Detailed notes concerning the fund (continued)

Long-term debt (continued)

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.

The District has reserved net assets in the amount of \$15,198 as required by the loan agreement.

On May 17, 2002 the District executed an Enterprise Revenue Note in the principal amount of \$1,017,500 with a bank. 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 debt of the District payable from all legally available pledged revenues of the District. The District has reserved net assets in the amount of \$61,689 as required by the loan agreement.

Annual debt service requirements to maturity are as follows:

	Water Resources Note			Revenue Note		
	Principal	Interest	Total	Principal	Interest	Total
2010	58,348	93,628	151,976	117,559	14,527	132,086
2011	60,828	91,148	151,976	123,812	8,274	132,086
2012	63,413	88,563	151,976	63,645	1,689	65,334
2013	66,108	85,868	151,976			
2014	68,917	83,058	151,976			
2015-19	391,092	368,786	759,878			
2020-24	481,570	278,308	759,878			
2025-29	592,979	166,899	759,878			
2030-32	419,754	36,175	455,928			
Total	\$ 2,203,007	\$ 1,292,432	\$ 3,495,438	\$ 305,214	\$ 24,490	\$ 329,704

The District has entered into a lease agreement for financing replacement of the water meter system in the amount of \$484,398 at 3.80%. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The lease requires yearly payments for the next nine years in the amount of \$53,644. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009, were as follows:

Total minimum lease payments	\$ 348,526
Less: amount representing interest	<u>26,987</u>
Present value of minimum lease payments	<u>\$ 321,539</u>

**EAST DILLON WATER DISTRICT
FRISCO, COLORADO
Notes to Financial Statements
December 31, 2009**

3. Detailed notes concerning the fund (continued)

Long-term debt (continued)

Changes in long-term debt

The following is an analysis of changes in long term debt for the period ended December 31, 2009.

	Balance January 1, 2009	Additions	Payments	Balance December 31, 2009
Water Resources note	\$ 2,258,975	\$ --	\$ 55,969	\$ 2,203,007
Revenue note	416,836	--	111,622	305,214
Capital lease	439,957	--	91,431	348,526
	\$ 3,115,768	\$ --	\$ 259,022	\$ 2,856,747

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. No distributions were made during the year ended December 31, 2009.

Contractual services agreement

The District is obligated under an agreement with an outside party 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 agreement automatically renews for successive one year periods. However, either party may terminate this agreement, for any reason, with ninety days written notice to the other party. In compliance with the terms of the agreement the District paid \$132,000 for the year ended December 31, 2009.

The District contracts with an outside party under an agreement dated December 31, 2006 to provide financial management to the District. The agreement automatically renews for successive one year periods. However, either party may terminate this agreement, for any reason, with ninety days written notice to the other party. In compliance with the terms of the agreement the District paid \$57,000 for the year ended December 31, 2009.

4. Other information

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 without 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, 2009**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
User charges	\$ 385,000	\$ 406,873	\$ 21,873
Property, specific ownership taxes	248,543	246,691	(1,852)
Interest	18,000	3,010	(14,990)
Tap fees	37,500	22,750	(14,750)
Miscellaneous	1,500	5,456	3,956
Total revenues	690,543	684,780	(5,763)
Expenditures:			
Operations:			
Water purchases	15,000	-	15,000
Repair and maintenance	42,000	57,362	(15,362)
Supplies and tests	7,500	8,902	(1,402)
Utilities - water pumping	26,000	20,076	5,924
Total operating expenditures	90,500	86,340	4,160
Administration:			
Accounting	6,000	11,550	(5,550)
Administration	57,600	57,600	-
Meter reading	800	600	200
Directors fees	1,875	1,425	450
Engineering	20,000	7,658	12,342
Insurance and bonds	16,000	16,332	(332)
Legal fees	12,000	15,572	(3,572)
Office supplies	9,000	108	8,892
Miscellaneous	1,000	7,752	(6,752)
Dues and subscriptions	2,400	1,851	549
Operations contract	132,000	132,000	-
Telephone	4,800	4,883	(83)
Total administration expenditures	263,475	257,331	6,144
Debt service:			
Bond payments:			
Principal	55,969	55,969	-
Interest	96,006	95,610	396
County Treasurer fees	11,827	11,782	45
Revenue note payments:			
Interest	20,465	20,222	243
Principal	111,622	111,622	-
Meter lease payments:			
Interest	15,857	15,857	-
Principal	91,431	91,431	-
Total debt service expenditures	403,177	402,493	684
Total expenditures	757,152	746,164	10,988
Net income (loss) non US GAAP budgetary basis	\$ (66,609)	(61,384)	\$ 5,225
Adjustments to US GAAP basis:			
Add:			
Debt principal payments		259,022	
Less:			
Depreciation expense		(211,066)	
Net income		(13,428)	
Net assets, beginning of year		<u>5,841,899</u>	
Net assets, end of year		<u>\$ 5,828,471</u>	

See independent auditor's report