

**EAST DILLON WATER DISTRICT
FRISCO, COLORADO**

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2014

**EAST DILLON WATER DISTRICT
FRISCO, COLORADO**

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FINANCIAL CONSULTANTS/CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Dillon Water District
Frisco, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Dillon Water District (the District), Frisco, Colorado, as of and for the year ended December 31, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 of 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the East Dillon Water District, Frisco, Colorado, as of December 31, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

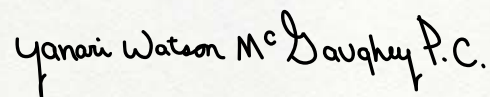
Other Matters

Required Supplementary Information

Management has not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basis 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 basis financial statements is not affected by the missing information

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the 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 financial statements as a whole.



Yanari Watson McGaughey, PC.

July 31, 2015
Denver, Colorado

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, 2014. 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 \$5,577,868 (statement of net position). Of this amount, \$5,039,251 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 position decreased by \$16,429.

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

The *statement of changes in net position* presents information showing how the district's net position changed during the most recent fiscal year. All changes in net position 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 operations.

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

By far the largest portion of the District's statement of net position (90 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 position \$500,079 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 (34 percent), operations contract (22 percent) and interest on long-term debt (13 percent) were the largest components of operating expenses. Other financial highlights include:

- The District expended \$17,994 for capital assets. All of the expense was related to the District purchase of capital assets for software up-grades. .

Comparative Statements of Net Positions as of December 31:

	2014		2013
Current and other assets	\$ 760,283	\$	637,313
Capital assets	6,924,645		7,133,211
Total assets	7,684,928		7,770,524
Long-term liabilities			
Outstanding	1,885,394		1,978,402
Other liabilities/deferrals	221,665		197,825
Total liabilities	2,107,059		2,176,227
Net positions:			
Invested in capital assets, net of related debt	5,039,251		5,178,899
Restricted	38,538		38,538
Unrestricted	500,079		376,859
Total net position	\$ 5,577,868	\$	5,594,297

Comparative Statements of Activities

	2014		2013
Operating revenue	\$ 435,655	\$	453,077
Operating expense			
Administrative expense	580,5252		561,996
Debt service expense	82,570		95,863
Total expense	663,095		657,859
Net (loss) from operations	(227,440)		(204,782)
Non operating revenue	211,011		207,700
Net income (loss)	\$ (16,429)	\$	2,918

FUTURE PLANS:

The financial operations of the District are expected to remain stable for the next few years with no major projects anticipated. The District anticipates a nominal increase annually in the base water rate to maintain adequate funding for operating expenses. The District expects to increase reserves in 2015 from user fees, and tap fees. Limited growth is projected for the next five years in the District. Growth is a factor in the tap fee revenues of the District that contribute to the funding of infrastructure. Property tax revenues are allocated to the payment of the 30 year 2002 water rights loan and reimbursement for prior capital projects. The District continues to investigate options to increase the amount of wet water available for water service, particularly during drought periods.

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:

We can change the contact if you wish?

East Dillon Water District
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EAST DILLON WATER DISTRICT
FRISCO, COLORADO
Proprietary Fund - Enterprise (Water) Fund
Statement of Net Position
December 31, 2014

ASSETS:		
Current assets:		
Cash and cash equivalents	\$	39,045
Investments		385,967
Accounts receivable:		
Customer		128,011
Cost reimbursement		8,040
Taxes		198,819
Inventory		400
Total current assets		760,283
Non-current assets:		
Capital assets - non depreciable		
Land		39,915
Medians		220,065
Master plan		21,334
Water rights		3,470,307
Total Capital assets - non depreciable		3,751,621
Capital assets - depreciable:		
Water lines		2,104,793
Water pump stations		1,573,441
Water storage tanks		2,837,563
Equipment		606,062
Meters		497,089
Total Capital assets - depreciable		7,618,948
Less: accumulated depreciation		4,445,924
Net depreciable capital assets		3,173,024
Net capital assets		6,924,645
Total assets	\$	7,684,928
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:		
Current liabilities:		
Accounts payable	\$	10,508
Current portion long-term debt		71,846
Accrued interest payable		13,358
Total current liabilities		95,712
Long-term debt:		
Notes, lease payable - net of current portion		1,813,548
Total liabilities		1,909,260
Deferred inflows of resources		
Deferred property taxes		197,799
Total deferred inflows of resources		197,799
Total liabilities and deferred inflows of resources		2,107,059
Net position		
Net investment in capital assets		5,039,251
Restricted for:		
TABOR		23,340
Colorado Water Conservation Board Note		15,198
Unrestricted		500,079
Total net position	\$	5,577,868

The accompanying notes are an integral part of this statement

EAST DILLON WATER DISTRICT
FRISCO, COLORADO
Proprietary Fund - Enterprise (Water) Fund
Statement of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2014

Revenues:	
User charges	\$ 435,655
Total revenues	435,655
Expenditures:	
Current:	
Operating expense:	
Depreciation	226,559
Repair and maintenance	39,049
Supplies and tests	2,675
Utilities - water pumping	26,404
Administration expense:	
Accounting	5,500
Administration	78,000
Directors fees	1,600
Engineering	4,270
Insurance and bonds	14,714
Legal fees	12,170
Miscellaneous	8
Office supplies	4,989
Dues and subscriptions	1,842
Operations contract	148,476
Telephone	4,374
County Treasurer	9,895
Debt service expense:	
Interest	82,570
Total expenditures	663,095
Excess of revenue (under) expenditures	(227,440)
Non operating revenues:	
Property, specific ownership taxes	208,166
Interest income	2,845
Total non operating revenues	211,011
Change in net position	(16,429)
Net position, beginning of year	5,594,297
Net position, end of year	\$ 5,577,868

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, 2014

Cash flows from operating activities:		
Cash received from customers	\$	425,788
Cash paid to suppliers		(436,760)
Net cash provided (used) by operating activities		(10,972)
Cash flows from capital and related financing activities:		
Property and specific ownership taxes received		208,166
Principal payments on loans		(68,918)
Acquisition of capital assets		(17,994)
Net cash provided (used) by capital financing activities		121,254
Cash flows from investing activities:		
Redemption (Purchase) of investments		(160,187)
Interest on investments		2,845
Net cash provided (used) by investing activities		(157,342)
Net increase (decrease) .in cash		(47,060)
Cash and cash equivalents, beginning of year:		
Operating cash		86,105
Cash and cash equivalents, end of year		\$ 39,045
Reconciliation of net operating (loss) to net cash provided by operations		
Net (loss) from operations	\$	(227,440)
Adjustments to reconcile net operating (loss) to net cash provided by operating activities:		
Depreciation expense		226,559
(Increase) decrease in:		
Accounts receivable		(12,229)
Cost reimbursement		2,355
Deferred taxes		32
(Decrease) increase in:		
Accounts payable		264
Deferred taxes		(25)
Accrued interest payable		(488)
Total adjustments		216,468
Net cash provided by operating activities		\$ (10,972)

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.

Recently issued and adopted accounting pronouncements

As required by 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 follows the Governmental Accounting Standards Board (GASB) pronouncements. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District has no component units.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) 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 changes in position 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.

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

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

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 District'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 non-operating revenues.

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.

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, 2014 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of position. 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.

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

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

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.

Net position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restricted net position first.

2. **Stewardship, compliance and accountability**

Budgetary information

Budgets are adopted on a non – US GAAP basis. Depreciation expense is not included in the budget.

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

2. Stewardship, compliance and accountability (continued)

Budgetary information (continued)

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, 2014, 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. At December 31, 2014 the District had \$385,967 invested with COLOTRUST.

Contract services

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

**EAST DILLON WATER DISTRICT
FRISCO, COLORADO
Notes to the Financial Statements
December 31, 2014**

3. Detailed notes concerning the fund (continued)

Capital assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions (Deletions)	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	\$ 2,104,793	\$ --	\$ 2,104,793
Water pump stations	1,573,441	--	1,573,441
Water storage tanks	2,837,563	--	2,837,563
Equipment	588,068	17,994	606,062
Meters	497,089	--	497,089
	7,600,954	17,994	7,618,948
Less:			
Accumulated depreciation	4,219,364	226,559	4,445,923
Total depreciable assets	\$ 3,381,590	\$ (208,565)	\$ 3,173,025

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.

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.

**EAST DILLON WATER DISTRICT
FRISCO, COLORADO
Notes to the Financial Statements
December 31, 2014**

3. Detailed notes concerning the fund (continued)

Long-term debt (continued)

Annual debt service requirements to maturity are as follows:

	Water Resources Note		
	Principal	Interest	Total
2015	\$ 71,846	\$ 80,129	\$ 151,976
2016	74,900	77,076	151,976
2017	78,083	73,893	151,976
2018	81,402	70,574	151,976
2019	84,861	67,114	151,976
2020-24	481,570	278,308	759,878
2025-29	592,979	166,899	759,878
2030-32	419,753	36,174	455,927
Total	\$ 1,885,394	\$ 850,166	\$ 2,735,560

Changes in long-term debt

The following is an analysis of changes in long term debt for the period ended December 31, 2013.

	Balance January 1, 2014	Additions	Payments	Balance December 31, 2014
Water Resources note	\$ 1,954,311	\$ --	\$ 68,917	\$ 1,885,394

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, 2014.

4. Other information (continued)

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 \$148,476 for the year ended December 31, 2014.

The District contracts with an outside party under an agreement dated December 31, 2006 to provide financial management to the District. In compliance with the terms of the agreement the District paid \$78,000 for the year ended December 31, 2014. The agreement was terminated in November, 2014.

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, Expenses and Changes in Net Position-
Budget (Non - US GAAP) Basis and Actual
For the year ended December 31, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
User charges	\$ 415,000	\$ 435,655	\$ 20,655
Property, specific ownership taxes	204,999	208,166	3,167
Interest	300	2,845	2,545
Total revenues	620,299	646,666	26,367
Expenditures:			
Operations:			
Repair and maintenance	50,000	39,049	10,951
Supplies and tests	6,000	2,675	3,325
Utilities - water pumping	27,000	26,404	596
Total operating expenditures	83,000	68,128	14,872
Administration:			
Accounting	7,500	5,500	2,000
Administration	78,000	78,000	-
Directors fees	2,500	1,600	900
Engineering	6,000	4,270	1,730
Insurance and bonds	17,000	14,714	2,286
Legal fees	16,200	12,170	4,030
Office supplies	6,600	8	6,592
Miscellaneous	1,500	4,989	(3,489)
Dues and subscriptions	2,000	1,842	158
Operations contract	148,476	148,476	-
County Treasurer fees	9,890	9,895	(5)
Telephone	5,400	4,374	1,026
Total administration expenditures	301,066	285,838	15,228
Debt service:			
Note payments:			
Interest	83,058	82,570	488
Total debt service expenditures	83,058	82,570	488
Total expenditures	467,124	436,536	30,588
Net income (loss) non US GAAP budgetary basis	\$ 153,175	210,130	\$ 56,955
Adjustments to US GAAP basis:			
Less:			
Depreciation expense		(226,559)	
Net income (loss)		(16,429)	
Net position, beginning of year		5,594,297	
Net position, end of year		\$ 5,577,868	

See independent auditor's report