



CATAMOUNT METROPOLITAN DISTRICT

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

December 31, 2006

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

March 28, 2007

The Board of Directors
Catamount Metropolitan District

We have audited the accompanying financial statements of the governmental activities, the business-type activity, and each major fund of Catamount Metropolitan District as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Catamount Metropolitan District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, and each major fund of Catamount Metropolitan District, as of December 31, 2006, and the respective changes in financial position thereof and cash flows, where applicable, 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.

The management's discussion and analysis 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Chadwick, Steinkirchner, Davis & Co., P.C.

Catamount Metropolitan District

Management's Discussion and Analysis

December 31, 2006

As management of Catamount Metropolitan District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2006.

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 are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Current year to prior year comparisons are presented below to help users evaluate the results of the District over the past two years.

The Statement of Net Assets presents information on all 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 government'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 governmental activities of the District relate to the operation and maintenance of the roadway, lake, and other infrastructure systems in the District. The business-type activities of the District include distribution and operation of domestic water treatment and certain sewage disposal and septic systems. The government-wide financial statements can be found on pages 6 and 7 of this report.

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 funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary fund: The District currently has one proprietary fund, commonly known as an enterprise fund, which is used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the District. A budget to actual schedule for the proprietary fund is also provided at the end of the report.

The basic proprietary fund financial statements can be found on pages 13 through 14 of this report.

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 and fund financial statements. The Notes to the Financial Statements can be found starting on page 15 of this report.

Government-wide Financial Analysis. The following table shows a condensed statement of net assets as of December 31, 2006 and December 31, 2005 derived from the government-wide financial statements.

**Catamount Metropolitan District
Net Assets**

	2006			2005		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets:						
Current and other assets	\$ 735,792	\$ 453,435	\$ 1,189,227	\$ 712,687	\$ 69,536	\$ 782,223
Capital assets	<u>8,359,214</u>	<u>6,109,918</u>	<u>14,469,132</u>	<u>8,534,726</u>	<u>6,095,299</u>	<u>14,630,025</u>
Total Assets	<u><u>9,095,006</u></u>	<u><u>6,563,353</u></u>	<u><u>15,658,359</u></u>	<u><u>9,247,413</u></u>	<u><u>6,164,835</u></u>	<u><u>15,412,248</u></u>
Liabilities:						
Current and other liabilities	364,050	-	364,050	388,438	-	388,438
Long-term liabilities	<u>234,259</u>	<u>450,000</u>	<u>684,259</u>	<u>218,861</u>	<u>-</u>	<u>218,861</u>
Total Liabilities	<u><u>598,309</u></u>	<u><u>450,000</u></u>	<u><u>1,048,309</u></u>	<u><u>607,299</u></u>	<u><u>-</u></u>	<u><u>607,299</u></u>
Net Assets:						
Invested in capital assets, net of related debt	8,138,224	5,927,297	14,065,521	8,331,952	6,095,299	14,427,251
Restricted for emergencies	14,823	-	14,823	12,179	-	12,179
Restricted for debt service	9,854	23,625	33,479	24,039	-	24,039
Unrestricted	<u>333,796</u>	<u>162,431</u>	<u>496,227</u>	<u>271,944</u>	<u>69,536</u>	<u>341,480</u>
Total Net Assets	<u><u>\$ 8,496,697</u></u>	<u><u>\$ 6,113,353</u></u>	<u><u>\$ 14,610,050</u></u>	<u><u>\$ 8,640,114</u></u>	<u><u>\$ 6,164,835</u></u>	<u><u>\$ 14,804,949</u></u>

The largest portion of the District's net assets is reflected in the investment in capital assets, net of related debt (i.e. land, construction in progress, buildings, vehicles, equipment, and infrastructure). The District uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net assets, a small portion has been restricted for emergencies and future debt service and the balance of \$496,227 is unrestricted.

At the end of the current fiscal year, the District has positive net assets in all categories.

The changes in net assets for the years ended December 31, 2006 and December 31, 2005 is summarized in the following table:

**Catamount Metropolitan District
Change in Net Assets**

	2006			2005		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Charges for services	\$ -	\$ 87,803	\$ 87,803	\$ -	\$ 85,535	\$ 85,535
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	173,652	173,652	-	43,119	43,119
Property taxes	94,388	-	94,388	-	-	-
Special assessments	439,191	-	439,191	779,963	-	779,963
Interest and other income	46,952	-	46,952	26,421	-	26,421
Total Revenues	580,531	261,455	841,986	806,384	128,654	935,038
Expenses:						
General government	228,526	-	228,526	230,876	-	230,876
Public works	482,880	-	482,880	407,746	-	407,746
Water system	-	208,240	208,240	-	197,567	197,567
Sewer system	-	104,697	104,697	-	108,096	108,096
Interest expense	12,542	-	12,542	17,766	-	17,766
Total Expenses	723,948	312,937	1,036,885	656,388	305,663	962,051
Change in Net Assets	(143,417)	(51,482)	(194,899)	149,996	(177,009)	(27,013)
Net Assets, Beginning	8,640,114	6,164,835	14,804,949	8,490,118	6,341,844	14,831,962
Net Assets, Ending	\$ 8,496,697	\$ 6,113,353	\$ 14,610,050	\$ 8,640,114	\$ 6,164,835	\$ 14,804,949

The primary reason for the decrease in net assets during 2006 for both the governmental activities and the business-type activities was the depreciation taken on the District infrastructure in excess of operating revenues net of operating expenses.

Financial Analysis of the District's Funds

As mentioned early, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund revenues were \$577,246 in 2006 and \$806,384 in 2005. The primary reason for the decrease was the early collection of a significant portion of a special assessments in 2005.

General Fund expenditures were \$616,921 in 2006 and \$797,663 in 2005. This decrease also relates to the early collection of the 2005 special assessment, which allowed the District to pay down the principal balance on its debt balances.

As of the end of 2006, the District's governmental fund reported an ending fund balance of \$358,473, an increase of \$50,311 over 2005, with such balance being reserved for emergencies, for future debt service and designated for future capital replacements.

Proprietary fund: The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

During 2006, the enterprise fund net assets decreased by \$51,482. As mention earlier, the majority of this deficit relates to depreciation expense of \$231,639 being higher than operating revenues net of operating expenses.

Budget variances: For the General Fund, the most significant budget variances during 2006 were related to the collection of the remaining balances of the 2005 special assessment and the offsetting repayment of the bonds. Both of these items were less than budget and therefore offset one another. Other variances included the unanticipated purchase of equipment using lease proceeds, again offsetting one another. A budget to actual statement for the General Fund can be found on page 12 of this report.

For the Water and Sewer Fund, the most significant budget variance related to the issuance of bonds to be used to construct infrastructure improvements. Since a portion of the projects were delayed to future years less debt was required to be issued during 2006. This decrease in revenues and decrease in capital spending again offset one another leaving the over fund near budget projections. A budget to actual schedule for the Proprietary Fund can be found on page 27 of this report.

Capital assets: The District's net capital assets decreased by \$577,512 in the Governmental Activities as a result of current year depreciation expense being higher than capital additions. The District's net capital assets increased by \$14,619 in the Business-type Activities as a result of current year capital additions slightly exceeding depreciation expense. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on pages 21 and 22 of this report.

Long-term debt: The District issued additional bonds in the amount of \$650,000 during 2006 which are being used to pay for water infrastructure improvements within the District. The Bonds can be drawn on as needed and as of December 31, 2006 \$450,000 had been drawn, leaving \$200,000 to be drawn in future years. The District also continued to pay down the balance on the 2004 bonds using funds received from the 2005 special assessment. Details regarding the District's long-term debt are located in Note D on pages 23 and 24 of this report.

Request for Information:

This financial report is designed to provide a general overview of the 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 Catamount Metropolitan District, c/o Robertson & Marchetti, P.C., 28 Second Street, Suite 213, Edwards, CO 81632, (970) 926-6060.

Catamount Metropolitan District

STATEMENT OF NET ASSETS

December 31, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash	\$ 350,962	\$ 160,954	\$ 511,916
Accounts receivable	24,740	25,102	49,842
Property taxes receivable	175,045	-	175,045
Assessments receivable	129,946	-	129,946
Prepaid expenses	41,137	-	41,137
Due from other governments	693	-	693
Noncurrent assets			
Restricted cash	-	247,991	247,991
Unamortized bond issue costs	13,269	19,388	32,657
Capital assets, net			
Land	402,344	-	402,344
Construction in progress	-	181,601	181,601
Buildings	238,832	-	238,832
Vehicles and equipment	91,888	-	91,888
Infrastructure	7,626,150	5,928,317	13,554,467
Total Assets	<u>\$ 9,095,006</u>	<u>\$ 6,563,353</u>	<u>\$ 15,658,359</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 58,145	\$ -	\$ 58,145
Accrued liabilities	990	-	990
Deferred revenue	304,915	-	304,915
Non-current liabilities, due within one year			
Bonds	31,824	-	31,824
Capital leases	20,949	-	20,949
Non-current liabilities, due in more than one year			
Bonds	127,296	450,000	577,296
Capital leases	54,190	-	54,190
Total Liabilities	<u>598,309</u>	<u>450,000</u>	<u>1,048,309</u>
Net Assets			
Invested in capital assets, net of related debt	8,138,224	5,927,297	14,065,521
Restricted for emergencies	14,823	-	14,823
Restricted for debt service	9,854	23,625	33,479
Unrestricted	333,796	162,431	496,227
Total Net Assets	<u>8,496,697</u>	<u>6,113,353</u>	<u>14,610,050</u>
Total Liabilities and Net Assets	<u>\$ 9,095,006</u>	<u>\$ 6,563,353</u>	<u>\$ 15,658,359</u>

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

STATEMENT OF ACTIVITIES

Year ended December 31, 2006

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Governmental activities:								
General government	\$ 228,526	\$ -	\$ -	\$ -	\$ (228,526)		\$ (228,526)	
Public works	482,880	-	-	-	(482,880)		(482,880)	
Interest expense	12,542	-	-	-	(12,542)		(12,542)	
Total governmental activities	723,948	-	-	-	(723,948)		(723,948)	
Business-type activities:								
Water system	208,240	44,553	-	173,652		\$ 9,965	9,965	
Sewer system	104,697	43,250	-	-		(61,447)	(61,447)	
Total business-type activities	312,937	87,803	-	173,652		(51,482)	(51,482)	
Total	\$ 1,036,885	\$ 87,803	\$ -	\$ 173,652	(723,948)	(51,482)	(775,430)	
General revenues:								
Property taxes					94,388	-	94,388	
Special assessments					439,191	-	439,191	
Interest earnings					31,127	-	31,127	
Gain on disposition of assets					3,285	-	3,285	
Other income					12,540	-	12,540	
Total general revenues					580,531	-	580,531	
Change in net assets					(143,417)	(51,482)	(194,899)	
Net assets - beginning					8,640,114	6,164,835	14,804,949	
Net assets - ending					\$ 8,496,697	\$ 6,113,353	\$ 14,610,050	

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2006

	<u>General</u>
ASSETS	
Equity in pooled cash	\$ 350,962
Accounts receivables	24,740
Property taxes receivable	175,045
Assessments receivable	129,946
Prepaid expenses	41,137
Due from other governments	693
	<hr/>
Total Assets	\$ 722,523
	<hr/> <hr/>
LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable	\$ 58,145
Accrued liabilities	990
Deferred revenues	304,915
Total Liabilities	<hr/> 364,050
Fund equity	
Reserved for emergencies	14,823
Reserved for debt service	9,854
Unreserved, designated for future replacements	333,796
Total Fund Equity	<hr/> 358,473
	<hr/> <hr/>
Total Liabilities and Fund Equity	\$ 722,523

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

December 31, 2006

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Total fund balance - governmental funds	\$ 358,473
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,359,214
Bond issuance costs are not reported as assets in the funds, but are shown as an asset and amortized over the life of the bonds in the statement of net assets.	13,269
Long-term liabilities such as bonds are not due and payable in the current period and, therefore, are not reported in the funds	<u>(234,259)</u>
Net Assets of Governmental Activities	<u>\$ 8,496,697</u>

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended December 31, 2006

	General
Revenues	
Taxes	\$ 94,388
Assessments	439,191
Interest earnings	31,127
Other income	12,540
Total revenues	577,246
Expenditures	
General government	225,708
Public works	219,767
Debt service	
Principal	70,588
Interest	12,542
Capital outlay	88,316
Total expenditures	616,921
Excess of Revenues Over (Under) Expenditures	(39,675)
Other financing sources	
Sale of fixed assets	4,000
Lease purchase proceeds	85,986
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	50,311
Fund balance - beginning	308,162
Fund balance - ending	\$ 358,473

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year ended December 31, 2006

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Governmental Funds	\$ 50,311
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period (\$333,114 - \$158,317.)	(174,797)
Governmental funds report lease proceeds as other financing sources. However, this amount is reported in the statement of activities as long-term debt. This amount is the effect of the difference in the treatment of the proceeds.	(85,986)
Governmental funds report the repayment of principal on long-term debt as expenditures. However, these repayments are not reported as expenses in the statement of activities, but rather a reduction of debt in the statement of net assets. This amount is the effect of the difference in the treatment of these repayments.	70,588
Loss on the disposition of capital assets is not considered current and, and therefore, is not reported in the fund financial statements. This is the current remaining book value of the disposed asset.	(715)
Governmental funds report bond issuance costs as expenditures. However, in the statement of activities the cost of obtaining the debt is allocated over the life of the related bonds and reported as amortization expense. This is the current year amortization expense.	(2,818)
Change in Net Assets of Governmental Activities	<u>\$ (143,417)</u>

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year ended December 31, 2006

	Original and Final Budgeted Amounts	Actual	Variance With Budget Favorable (Unfavorable)
Revenues			
Taxes	\$ 91,361	\$ 94,388	\$ 3,027
Operating assessments	349,639	350,801	1,162
Parcel purchase assessments	220,000	88,390	(131,610)
Interest earnings	6,000	31,127	25,127
Other income	7,000	12,540	5,540
Total revenues	<u>674,000</u>	<u>577,246</u>	<u>(96,754)</u>
Expenditures			
General government			
Personnel costs	83,133	86,547	(3,414)
Professional fees	58,892	57,791	1,101
Insurance	66,000	58,053	7,947
Office	30,401	23,317	7,084
Public works			
Road repairs and maintenance	106,500	103,180	3,320
Lake and dam maintenance	50,000	75,533	(25,533)
Signage and landscaping	13,000	10,077	2,923
Vehicle and equipment maintenance	22,500	14,180	8,320
Building removal	12,000	2,492	9,508
Other	14,500	14,305	195
Debt service			
Principal	216,500	70,588	145,912
Interest	12,500	12,542	(42)
Capital outlay	35,000	88,316	(53,316)
Total expenditures	<u>720,926</u>	<u>616,921</u>	<u>104,005</u>
Excess of Revenues Over (Under) Expenditures	(46,926)	(39,675)	7,251
Other financing sources			
Sale of fixed assets	-	4,000	4,000
Lease purchase proceeds	35,000	85,986	50,986
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(11,926)	50,311	62,237
Fund balance - beginning	316,677	308,162	(8,515)
Fund balance - ending	<u>\$ 304,751</u>	<u>\$ 358,473</u>	<u>\$ 53,722</u>

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

STATEMENT OF REVENUE, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUND

Year ended December 31, 2006

	<u>Business-type Activities- Enterprise Fund Water and Sewer</u>
Operating revenues	
Water service fees	\$ 44,553
Sewer service fees	43,250
Meters	1,200
Total operating revenues	89,003
Operating expenses	
Water operations	
Personnel costs	21,000
Water treatment and testing	13,662
Repairs and maintenance	7,829
Utilities	6,455
Meter purchases	3,922
Depreciation	154,086
Total water operations expenses	206,954
Sewer operations	
Personnel costs	5,250
Repairs and maintenance	943
Sewer testing	7,641
Utilities	13,310
Depreciation	77,553
Total sewer operations expenses	104,697
Total expenses	311,651
	Operating income (loss) (222,648)
Non-operating revenues (expenses)	
Capital contributions - tap fees	42,356
Assessments	130,096
Bond issuance costs amortization expense	(1,020)
Interest expense	(266)
Total non-operating revenues (expenses)	171,166
Total net assets - beginning	Change in net assets (51,482) <u>6,164,835</u>
Total net assets - ending	\$ 6,113,353

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

Year ended December 31, 2006

	<u>Business-type Activities- Enterprise Fund</u>
	<u>Water and Sewer</u>
Cash flows from operating activities	
Cash received from customers and users	\$ 84,063
Cash paid to suppliers	(53,762)
Cash paid to and for employees	(26,250)
Net cash provided (used) by operating activities	<u>4,051</u>
Cash flows from capital and related financing activities	
Tap fees and assessments	172,452
Bond proceeds	450,000
Bond issuance costs paid	(20,408)
Interest paid	(266)
Acquisition of capital assets	(246,258)
Net cash provided (used) by capital and related financing activities	<u>355,520</u>
Net increase (decrease) in cash	359,571
Cash - beginning	<u>49,374</u>
Cash - ending	<u>\$ 408,945</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (222,648)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	231,639
(Increase) decrease in accounts receivable	(4,940)
Total adjustments	<u>226,699</u>
Net cash provided (used) by operating activities	<u>\$ 4,051</u>

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Catamount Metropolitan District (the District) is a quasi-municipal corporation organized by a court order dated February 17, 1989 and governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Routt County, Colorado. The District was established to fund and assist in the coordination of facilities for water, sanitation, roadway, parks and recreation, transportation, cable television and translation and mosquito control facilities.

Originally, there were six Catamount Districts. During 1999, all of the land area within Districts No. 3 through No. 6 was excluded through an order of the District Court and simultaneously included into either District No. 1 or District No. 2. The District was formed to finance operations and possibly a portion of future infrastructure constructed by District No. 1. The District was not responsible for reimbursing District No. 1 for any capital outlay related to initial subdivision infrastructure improvements. These infrastructure improvements were funded by contributions from Catamount Development, Inc. (the Developer). During 2004, Lake Catamount District No. 1 was dissolved and merged with No. 2 to form Catamount Metropolitan District.

2. Reporting Entity

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

Based on the criteria above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

3. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Currently, the District has both governmental and business-type activities.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide Financial Statements

In the government-wide Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in four parts: net assets restricted for debt service, net assets restricted for emergencies, invested in capital assets net of related debt, and unrestricted net assets.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

4. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. At this time the District uses governmental funds and proprietary funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund equity.

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Proprietary Fund

Water and Sewer Enterprise Fund – The Enterprise Fund accounts for operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the District has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District has elected to follow Governmental Accounting Standards Board pronouncements. Therefore, statements issued by the Financial Accounting Standards Board after November 30, 1989, are not applied.

5. Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

Long-Term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

The accrual basis of accounting is utilized in the proprietary fund type. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense and expenditures for property and equipment are shown as increases in assets.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

7. Special Assessments

The principal portions of special assessments are recognized as revenue when cash is received. The full amount of the receivable is offset by an equal deferred revenue account. This is in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 6.

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

10. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as liquid investments with original maturity dates of ninety days or less.

11. Property Taxes

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budget or Statement of Revenues, Expenditures, and Changes in Fund Balance of the assessment year. Property taxes are recorded as deferred revenue in the year they are levied and measurable. Property tax revenues are recorded as revenue in the year they are available or collected. Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

12. Operating Revenues and Expenses

The District's proprietary fund distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the District's water and sewer fund consist of charges for services and the costs of providing those services, including depreciation. All other revenues (including tap fees) and expenses are reported as nonoperating.

13. Capital Assets

Capital assets are defined by the District as assets with an initial cost of \$5,000 or more. Such assets are valued at their historical cost or estimated fair value if donated, and depreciated over their estimated useful lives using the straight-line method. Estimated useful lives of asset types are as follows:

	<u>Estimated lives</u>
Buildings	30 years
Machinery and equipment	7 years
Infrastructure	30 years

14. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP"). As required by the Colorado statutes, the District followed the following timetable in approving and enacting a budget for the ensuing years:

- (1) For the 2006 budget year, prior to August 23, 2005, the County Assessor sent the District the assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, 2005, the District's accountant submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) The Board held a public hearing on the proposed budget and capital program no later than 45 days prior to the close of the fiscal year.
- (4) For the 2006 budget, prior to December 15, 2005, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Stewardship, Compliance, and Accountability - Continued

- (5) For the 2006 budget, the final budget and appropriating resolution was adopted prior to December 31, 2005.
- (6) After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) supplemental appropriations to the extent of revenues in excess of those estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year-end.

NOTE B – EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets as "Equity in pooled cash."

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. As of December 31, 2006, the District had cash deposits of \$612,303, of which \$193,650 was covered by federal depository insurance. The remainder was collateralized as explained above.

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, certain repurchase agreements, and local government investment pools.

The District had invested \$282,181 in the Colorado Local Governmental Liquid Asset Trust, (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. Colotrust funds carry a Standard & Poor's AAA rating. There is no custodial, interest rate, or foreign currency risk exposure.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 402,344	\$ –	\$ –	\$ 402,344
Capital assets being depreciated				
Vehicles and equipment	85,342	88,316	(5,000)	168,658
Buildings	257,907	–	–	257,907
Infrastructure				
Roadway landscaping entry features	1,603,887	–	–	1,603,887
Roads and roadway landscaping	5,696,831	70,001	–	5,766,832
Drainage	396,007	–	–	396,007
Planning and engineering	1,255,138	–	–	1,255,138
Lake infrastructure	<u>251,485</u>	<u>–</u>	<u>–</u>	<u>251,485</u>
Total capital assets being depreciated	9,546,597	158,317	(5,000)	9,699,914
Less accumulated depreciation for:				
Vehicles and equipment	64,482	16,573	(4,285)	76,770
Buildings	10,478	8,597	–	19,075
Infrastructure				
Roadway landscaping entry features	232,649	53,463	–	286,112
Roads and roadway landscaping	824,978	191,060	–	1,016,038
Drainage	58,277	13,200	–	71,477
Planning and engineering	185,628	41,838	–	227,466
Lake infrastructure	<u>37,723</u>	<u>8,383</u>	<u>–</u>	<u>46,106</u>
Total accumulated depreciation	<u>1,414,215</u>	<u>333,114</u>	<u>(4,285)</u>	<u>1,743,044</u>
Total capital assets being depreciated, net	<u>8,132,382</u>	<u>(174,797)</u>	<u>(715)</u>	<u>7,956,870</u>
Governmental activities capital assets, net	<u>\$8,534,726</u>	<u>\$ (174,797)</u>	<u>\$ (715)</u>	<u>\$8,359,214</u>

Depreciation expense is all allocated to the “public works” function in the Statement of Activities for governmental activities.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE C – CAPITAL ASSETS – CONTINUED

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ –	\$ 181,601	\$ –	\$ 181,601
Capital assets being depreciated				
Water system	4,590,247	64,657	–	4,654,904
Sewer system	<u>2,326,601</u>	<u>–</u>	<u>–</u>	<u>2,326,601</u>
Total capital assets being depreciated	6,916,848	64,657	–	6,981,505
Less accumulated depreciation for:				
Water system	550,112	154,086	–	704,198
Sewer system	<u>271,437</u>	<u>77,553</u>	<u>–</u>	<u>348,990</u>
Total accumulated depreciation	<u>821,549</u>	<u>231,639</u>	<u>–</u>	<u>1,053,188</u>
Total capital assets being depreciated, net	<u>6,095,299</u>	<u>(166,982)</u>	<u>–</u>	<u>5,928,317</u>
Business-type activities capital assets, net	<u>\$6,095,299</u>	<u>\$ 14,619</u>	<u>\$ –</u>	<u>\$6,109,918</u>

During the year ended December 31, 2006, the District sold a capital asset at a gain of \$3,285. A summary of the gain, which is reported in the Statement of Activities is as follows:

Cost of capital asset	\$ 5,000
Accumulated depreciation on capital asset	<u>(4,285)</u>
Net book value of disposed asset	715
Cash received	<u>4,000</u>
Gain on sale of capital asset	<u>– \$ 3,285</u>

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE D – LONG-TERM DEBT

The following is a schedule of changes in long-term debt during 2006:

	<u>December 31,</u> <u>2005</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31,</u> <u>2006</u>	<u>Due within</u> <u>one year</u>
Governmental activities					
Ford truck lease	\$ —	\$ 32,480	\$ 10,847	\$ 21,633	\$ 10,630
Tractor lease	—	53,506	—	53,506	10,319
Bonds payable, 2004	<u>218,861</u>	—	<u>59,741</u>	<u>159,120</u>	<u>31,824</u>
Total governmental activities					
long-term debt	<u>\$ 218,861</u>	<u>\$ 85,986</u>	<u>\$ 70,588</u>	<u>\$ 234,259</u>	<u>\$ 52,773</u>
Business-type activities					
Bonds payable, 2006	<u>\$ —</u>	<u>\$ 450,000</u>	<u>\$ —</u>	<u>\$ 450,000</u>	<u>\$ —</u>

On September 15, 2004 the District issued \$600,000 of general obligation bonds to purchase land and property from the Developer within the District. The bonds have a fixed interest rate of 4.77% and are payable over a seven-year period. The bonds require interest only payments on the 15th of each month and equal principal payments on July 15 of each year. The bonds are subject to prior redemption at the amount of remaining principal plus accrued interest.

The future minimum payments on the bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 31,824	\$ 6,961	\$ 38,785
2008	31,824	5,442	37,266
2009	31,824	3,925	35,749
2010	31,824	2,406	34,230
2011	<u>31,824</u>	<u>889</u>	<u>32,713</u>
Total	<u>\$ 159,120</u>	<u>\$ 19,623</u>	<u>\$ 178,743</u>

On February 15, 2006 the District issued \$650,000 of general obligation water bonds to construct two water treatment facilities. As of December 31, 2006, the District has drawn \$450,000 of the available balance and will draw the remaining \$200,000 in future periods. The bonds have a fixed interest rate of 5.25% with interest only payments for three years. Principal reductions will commence on June 30, 2009 and are due annually each June 30 thereafter until maturity on June 30, 2016 or prior prepayment.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE D – LONG-TERM DEBT – CONTINUED

The future minimum payments on the bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ –	\$ 23,625	\$ 23,625
2008	–	23,625	23,625
2009	47,000	23,625	70,625
2010	49,000	21,158	70,158
2011	52,000	18,585	70,585
Thereafter	<u>302,000</u>	<u>48,983</u>	<u>350,983</u>
Total	<u>\$ 450,000</u>	<u>\$ 159,601</u>	<u>\$ 609,601</u>

On November 10, 2006 the District entered into a capital lease agreement with Wells Fargo Brokerage Services, LLC for the purchase of a 2006 Ford Tractor. The lease has a fixed interest rate of 4.25% and is payable over a five-year period beginning August 1, 2007 and each August 1 thereafter until August 1, 2011.

On February 10, 2006 the District entered into a capital lease agreement with Wells Fargo Brokerage Services for the purchase of a 2006 Ford F250 Truck. The lease has a fixed interest rate of 3.5% and is payable over a three-year period that began August 1, 2006 and each August 1 thereafter until August 1, 2008.

Future minimum payments on the leases are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 20,949	\$ 2,406	\$ 23,355
2008	21,135	2,220	23,355
2009	10,563	1,405	11,968
2010	11,012	956	11,968
2011	<u>11,480</u>	<u>488</u>	<u>11,968</u>
Total	<u>\$ 75,139</u>	<u>\$ 7,475</u>	<u>\$ 82,614</u>

Future minimum payments on all long-term debt is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 52,773	\$ 32,992	\$ 85,765
2008	52,959	31,287	84,246
2009	89,387	28,955	118,342
2010	91,836	24,520	116,356
2011	95,304	19,962	115,266
Thereafter	<u>302,000</u>	<u>48,983</u>	<u>350,983</u>
Total	<u>\$ 684,259</u>	<u>\$ 186,699</u>	<u>\$ 870,958</u>

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE E – EMPLOYEE RETIREMENT PLAN

The District provides a defined contribution money purchase plan and trust (the Plan) administered by the ICMA Retirement Corporation. All full-time, year-round employees of the District are eligible for the Plan. Under terms of the Plan, the District and each participant are required to contribute 6.2% of the participant's earnings. Contributions are fully vested immediately and loans to participants are allowed.

District contributions to the Plan during the year ended December 31, 2006 were \$ 6,411.

NOTE F – INTERGOVERNMENTAL AGREEMENTS

Catamount Ranch Pipeline Project

In July 2000, the District entered into an agreement with Routt County, Colorado authorizing the District to construct a water pipeline to transport water from the Yampa River to Catamount Ranch. Catamount Ranch may use the water for irrigation, recreation, fishing, and aesthetic purposes. The District may also provide water by exchange to neighboring landowners for irrigation.

Agreement with City of Steamboat Springs

In May 2001, the District entered into an agreement with the Developer and the City of Steamboat Springs (the City) to deliver supplemental irrigation water to the City. Delivery is to include only water rights owned or leased by the City in accordance with the administration of Yampa River water rights. The District agrees to make available to the City one cubic foot out of the total ten cubic feet of the capacity within the District's pipeline. The City will reimburse the District for electrical pumping costs for deliver of the water.

NOTE G – COMMITMENTS AND CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and its legal representatives have disclosed that there are no material outstanding claims against the District at December 31, 2006.

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District has elected to participate in the Colorado Special District Property and Liability Pool (the Pool), which is sponsored by the Special District Association of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official's liability and machinery coverage to its members. Members of the Pool are 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. During the year ended December 31, 2006 the Pool made no distributions to the District.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE H – RISK MANAGEMENT – CONTINUED

Condensed financial statement data for the Colorado Special Districts Property and Liability Pool as of December 31, 2005 (the most recent information available) is as follows:

	<u>Colorado Special District Property and Liability Pool</u>
Assets	<u>\$ 14,979,891</u>
Liabilities	\$ 5,985,999
Net assets	<u>8,993,892</u>
Total	<u>\$ 14,979,891</u>
Revenue	\$ 8,378,526
Investment income and other	<u>390,360</u>
Total revenue	8,768,886
Expenses	<u>5,787,447</u>
Excess of revenues over expenses	<u>\$ 2,981,439</u>

NOTE I – TABOR AMENDMENT

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that of the prior year, extension of any expiring tax, or tax policy change directly causing a new tax revenue gain to any local government. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in future years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of the fiscal year spending (excluding bonded debt service) for fiscal years ended after December 31, 1994. At December 31, 2006 the District had the required 3% or \$14,823 reserved for emergencies.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

Catamount Metropolitan District

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - PROPRIETARY FUND

Year ended December 31, 2006

	Original and Final Budgeted	Actual	Variance With Budget Favorable (Unfavorable)
Revenues			
Water assessments	\$ 131,256	\$ 130,096	\$ (1,160)
Water service fees	38,000	44,553	6,553
Sewer service fees	43,250	43,250	0
Meters	1,500	1,200	(300)
Tap fees	28,000	42,356	14,356
Bond proceeds	750,000	450,000	(300,000)
Total revenues	<u>992,006</u>	<u>711,455</u>	<u>(280,551)</u>
Expenses			
Water operations			
Personnel costs	21,000	21,000	-
Water testing	19,500	13,662	5,838
Repairs and maintenance	12,400	7,829	4,571
Utilities	7,000	6,455	545
Meter purchases	1,500	3,922	(2,422)
Cost of bond issuance	25,000	20,408	4,592
Bond principal payments	58,251	-	58,251
Interest expense	41,250	266	40,984
Capital outlay	390,000	246,258	143,742
Total water operations expenses	<u>575,901</u>	<u>319,800</u>	<u>256,101</u>
Sewer operations			
Personnel costs	5,250	5,250	-
Repairs and maintenance	4,000	943	3,057
Sewer testing	7,500	7,641	(141)
Utilities	12,000	13,310	(1,310)
Total sewer operations expenses	<u>28,750</u>	<u>27,144</u>	<u>1,606</u>
Total expenses	<u>604,651</u>	<u>346,944</u>	<u>257,707</u>
Change in net assets budgetary basis	<u>\$ 387,355</u>	<u>364,511</u>	<u>\$ (22,844)</u>
Reconciliation to GAAP basis			
Depreciation		(231,639)	
Capital outlay		246,258	
Bond proceeds		(450,000)	
Cost of bond issuance		20,408	
Bond amortization		(1,020)	
Change in net assets GAAP basis		<u>(51,482)</u>	
Total net assets - beginning		6,164,835	
Total net assets - ending		<u>\$ 6,113,353</u>	