



**CATAMOUNT METROPOLITAN DISTRICT**

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

**December 31, 2007**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

March 12, 2008

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, 2007, 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, 2007, 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 and budgetary comparison information on pages 2 through 5 and 28, are not a required part of the basic financial statements but are 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, 2007

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, 2007.

### **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, 2007 and December 31, 2006 derived from the government-wide financial statements.

**Catamount Metropolitan District  
Net Assets**

	2007			2006		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>						
Current and other assets	\$ 1,046,930	\$ 206,604	\$ 1,253,534	\$ 735,792	\$ 453,435	\$ 1,189,227
Capital assets	<u>8,155,567</u>	<u>6,172,643</u>	<u>14,328,210</u>	<u>8,359,214</u>	<u>6,109,918</u>	<u>14,469,132</u>
<b>Total Assets</b>	<u>9,202,497</u>	<u>6,379,247</u>	<u>15,581,744</u>	<u>9,095,006</u>	<u>6,563,353</u>	<u>15,658,359</u>
<b>Liabilities:</b>						
Current and other liabilities	437,844	-	437,844	364,050	-	364,050
Long-term liabilities	<u>186,136</u>	<u>449,734</u>	<u>635,870</u>	<u>234,259</u>	<u>450,000</u>	<u>684,259</u>
<b>Total Liabilities</b>	<u>623,980</u>	<u>449,734</u>	<u>1,073,714</u>	<u>598,309</u>	<u>450,000</u>	<u>1,048,309</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	7,979,882	5,740,256	13,720,138	8,138,224	5,927,297	14,065,521
Restricted for emergencies	20,850	-	20,850	14,823	-	14,823
Restricted for debt service	9,820	-	9,820	9,854	23,625	33,479
Unrestricted	<u>567,965</u>	<u>189,257</u>	<u>757,222</u>	<u>333,796</u>	<u>162,431</u>	<u>496,227</u>
<b>Total Net Assets</b>	<u>\$ 8,578,517</u>	<u>\$ 5,929,513</u>	<u>\$ 14,508,030</u>	<u>\$ 8,496,697</u>	<u>\$ 6,113,353</u>	<u>\$ 14,610,050</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 \$757,222 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, 2007 and December 31, 2006 is summarized in the following table:

**Catamount Metropolitan District  
Change in Net Assets**

	2007			2006		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
Charges for services	\$ -	\$ 98,385	\$ 98,385	\$ -	\$ 87,803	\$ 87,803
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	45,952	45,952	-	173,652	173,652
Property taxes	191,067	-	191,067	94,388	-	94,388
Special assessments	506,635	33,553	540,188	439,191	-	439,191
Interest and other income	54,981	-	54,981	46,952	-	43,952
<b>Total Revenues</b>	<b>752,683</b>	<b>177,890</b>	<b>930,573</b>	<b>580,531</b>	<b>261,455</b>	<b>841,986</b>
<b>Expenses:</b>						
General government	255,971	-	255,971	228,526	-	228,526
Public works	405,322	-	405,322	482,880	-	482,880
Water system	-	254,401	254,401	-	208,240	208,240
Sewer system	-	107,329	107,329	-	104,697	104,697
Interest expense	9,570	-	9,570	12,542	-	12,542
<b>Total Expenses</b>	<b>670,863</b>	<b>361,730</b>	<b>1,032,593</b>	<b>723,948</b>	<b>312,937</b>	<b>1,036,885</b>
<b>Change in Net Assets</b>	<b>81,820</b>	<b>(183,840)</b>	<b>(102,020)</b>	<b>(143,417)</b>	<b>(51,482)</b>	<b>(194,899)</b>
<b>Net Assets, Beginning</b>	<b>8,496,697</b>	<b>6,113,353</b>	<b>14,610,050</b>	<b>8,640,114</b>	<b>6,164,835</b>	<b>14,804,949</b>
<b>Net Assets, Ending</b>	<b>\$ 8,578,517</b>	<b>\$ 5,929,513</b>	<b>\$ 14,508,030</b>	<b>\$ 8,496,697</b>	<b>\$ 6,113,353</b>	<b>\$ 14,610,050</b>

The primary reason for the decrease in net assets during 2007 was for 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 \$752,683 in 2007 and \$577,246 in 2006. The primary reason for the increase was the early collection of a significant portion of a special assessments in 2007 as well as an increase in tax revenues over 2006.

General Fund expenditures were \$512,512 in 2007 and \$616,921 in 2006. This decrease is primarily due to fewer public works and related capital expenditures in 2007 than in 2006.

As of the end of 2007, the District's governmental fund reported an ending fund balance of \$598,635, an increase of \$240,162 over 2006, 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 2007, the enterprise fund net assets decreased by \$183,840. As mentioned earlier, the majority of this deficit relates to depreciation expense of \$240,802 being higher than operating revenues net of operating expenses.

**Budget variances:** For the General Fund, the most significant budget variances during 2007 were excess interest revenues and professional fees expense and savings in infrastructure maintenance and interest expenditures. 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 use of cash reserves rather than bond proceeds to complete upgrades to the Ranch water plant. The District will issue the remaining amount of available bond proceeds in future years to complete the Lake water treatment plant upgrade. The Water and Sewer Fund required one budget amendment to account for funds that had been planned for 2006 that ended up being rolled forward to 2007, causing the expenditures to be higher than originally budgeted in 2007. A budget to actual schedule for the Proprietary Fund can be found on page 28 of this report.

**Capital assets:** The District's net capital assets decreased by \$203,647 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 \$62,725 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 22 and 23 of this report.

**Long-term debt:** The District retired \$48,389 of debt during 2007. The District still has \$200,000 of additional bonds issued but not drawn that it will use to complete upgrades to the water system in future years. Details regarding the District's long-term debt are located in Note D on pages 23 through 25 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, 2007

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Equity in pooled cash	\$ 620,560	\$ 168,749	\$ 789,309
Accounts receivable	68,793	20,508	89,301
Property taxes receivable	304,702	-	304,702
Prepaid expenses	41,219	-	41,219
Due from other governments	1,205	-	1,205
Noncurrent assets			
Unamortized bond issue costs	10,451	17,347	27,798
Capital assets, net			
Land	402,344	-	402,344
Buildings	230,235	-	230,235
Vehicles and equipment	82,458	-	82,458
Infrastructure	7,440,530	6,172,643	13,613,173
<b>Total Assets</b>	<b>\$ 9,202,497</b>	<b>\$ 6,379,247</b>	<b>\$ 15,581,744</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable	\$ 61,280	\$ -	\$ 61,280
Deferred revenue	376,564	-	376,564
Non-current liabilities, due within one year			
Bonds	32,987	-	32,987
Capital leases	21,135	-	21,135
Non-current liabilities, due in more than one year			
Bonds	98,960	449,734	548,694
Capital leases	33,054	-	33,054
<b>Total Liabilities</b>	<b>623,980</b>	<b>449,734</b>	<b>1,073,714</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	7,979,882	5,740,256	13,720,138
Restricted for emergencies	20,850	-	20,850
Restricted for debt service	9,820	-	9,820
Unrestricted	567,965	189,257	757,222
<b>Total Net Assets</b>	<b>8,578,517</b>	<b>5,929,513</b>	<b>14,508,030</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,202,497</b>	<b>\$ 6,379,247</b>	<b>\$ 15,581,744</b>

The accompanying notes are an integral part of this statement.



Catamount Metropolitan District

STATEMENT OF ACTIVITIES

Year ended December 31, 2007

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 255,971	\$ -	\$ -	\$ -	\$ (255,971)	\$ (255,971)	\$ (255,971)
Public works	405,322	-	-	-	(405,322)	(405,322)	(405,322)
Interest expense	9,570	-	-	-	(9,570)	(9,570)	(9,570)
Total governmental activities	670,863	-	-	-	(670,863)	(670,863)	(670,863)
<b>Business-type activities:</b>							
Water system	254,401	52,385	-	45,952	-	\$ (156,064)	(156,064)
Sewer system	107,329	46,000	-	-	-	(61,329)	(61,329)
Total business-type activities	361,730	98,385	-	45,952	-	(217,393)	(217,393)
Total	\$1,032,593	\$ 98,385	\$ -	\$ 45,952	(670,863)	(217,393)	(888,256)
<b>General revenues:</b>							
Property taxes					191,067	-	191,067
Special assessments					506,635	33,553	540,188
Interest earnings					47,917	-	47,917
Other income					7,064	-	7,064
Total general revenues					752,683	33,553	786,236
Change in net assets					81,820	(183,840)	(102,020)
Net assets - beginning					8,496,697	6,113,353	14,610,050
Net assets - ending					\$ 8,578,517	\$ 5,929,513	\$ 14,508,030

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2007

	<u>General</u>
<b>ASSETS</b>	
Equity in pooled cash	\$ 620,560
Accounts receivables	68,793
Property taxes receivable	304,702
Prepaid expenses	41,219
Due from other governments	1,205
Total Assets	<u>\$ 1,036,479</u>
 <b>LIABILITIES AND FUND EQUITY</b>	
Liabilities	
Accounts payable	\$ 61,280
Deferred revenues	376,564
Total Liabilities	<u>437,844</u>
 Fund equity	
Reserved for emergencies	20,850
Reserved for debt service	9,820
Unreserved, designated for future replacements	567,965
Total Fund Equity	<u>598,635</u>
Total Liabilities and Fund Equity	<u>\$ 1,036,479</u>

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, 2007

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

Total fund balance - governmental funds	\$ 598,635
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,155,567
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.	10,451
Long-term liabilities such as bonds and other loans are not due and payable in the current period and, therefore, are not reported in the funds	<u>(186,136)</u>
Net Assets of Governmental Activities	<u>\$ 8,578,517</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, 2007

	<u>General</u>
Revenues	
Taxes	\$ 191,067
Assessments	506,635
Interest earnings	47,917
Other income	7,064
Total revenues	<u>752,683</u>
Expenditures	
General government	253,153
Public works	76,090
Debt service	
Principal	48,123
Interest	9,570
Capital outlay	125,585
Total expenditures	<u>512,521</u>
Excess of Revenues Over (Under) Expenditures	240,162
Fund balance - beginning	<u>358,473</u>
Fund balance - ending	<u>\$ 598,635</u>

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, 2007

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

Net Change in Fund Balances - Governmental Funds	\$ 240,162
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 (\$329,232-\$125,585.)	(203,647)
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.	48,123
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.	<u>(2,818)</u>
Change in Net Assets of Governmental Activities	<u>\$ 81,820</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, 2007

	Original and Final Budgeted Amounts	Actual	Variance With Budget Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 185,548	\$ 191,067	\$ 5,519
Operating assessments	448,626	448,626	-
Parcel purchase assessments	52,035	58,009	5,974
Interest earnings	25,596	47,917	22,321
Other income	7,000	7,064	64
Total revenues	<u>718,805</u>	<u>752,683</u>	<u>33,878</u>
<b>Expenditures</b>			
General government			
Personnel costs	87,859	88,709	(850)
Professional fees	65,255	80,905	(15,650)
Insurance	60,573	60,046	527
Office	30,451	23,493	6,958
Public works			
Road repairs and maintenance	25,500	8,399	17,101
Lake and dam maintenance	35,000	15,907	19,093
Signage and landscaping	11,000	11,686	(686)
Vehicle and equipment maintenance	27,000	25,461	1,539
Building removal	9,656	6,790	2,866
Other	16,100	7,847	8,253
Debt service			
Principal	72,169	48,123	24,046
Interest	9,333	9,570	(237)
Capital outlay	125,000	125,585	(585)
Total expenditures	<u>574,896</u>	<u>512,521</u>	<u>62,375</u>
Excess of Revenues Over (Under) Expenditures	143,909	240,162	96,253
Fund balance - beginning	280,186	358,473	78,287
Fund balance - ending	<u>\$ 424,095</u>	<u>\$ 598,635</u>	<u>\$ 174,540</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, 2007

	<u>Business-type Activities- Enterprise Fund Water and Sewer</u>
Operating revenues	
Water service fees	\$ 52,385
Sewer service fees	46,000
Meters	4,700
Total operating revenues	<u>103,085</u>
Operating expenses	
Water operations	
Personnel costs	23,000
Water treatment and testing	14,824
Repairs and maintenance	17,359
Utilities	8,434
Meter purchases	1,753
Depreciation	163,249
Total water operations expenses	<u>228,619</u>
Sewer operations	
Personnel costs	6,000
Repairs and maintenance	1,449
Sewer testing	9,676
Utilities	12,651
Depreciation	77,553
Total sewer operations expenses	<u>107,329</u>
Total expenses	<u>335,948</u>
	Operating income (loss) (232,863)
Non-operating revenues (expenses)	
Capital contributions - tap fees	41,252
Assessments	33,553
Bond issuance costs amortization expense	(2,041)
Interest expense	(23,741)
Total non-operating revenues (expenses)	<u>49,023</u>
	Change in net assets (183,840)
Total net assets - beginning	<u>6,113,353</u>
Total net assets - ending	<u>\$ 5,929,513</u>

The accompanying notes are an integral part of this statement.

Catamount Metropolitan District

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND

Year ended December 31, 2007

	Business-type Activities- Enterprise Fund
	<u>Water and Sewer</u>
Cash flows from operating activities	
Cash received from customers and users	\$ 107,678
Cash paid to suppliers	(66,146)
Cash paid to and for employees	(29,000)
Net cash provided (used) by operating activities	<u>12,532</u>
Cash flows from capital and related financing activities	
Tap fees and assessments	74,805
Debt service	(23,741)
Acquisition of capital assets	(303,527)
Net cash provided (used) by capital and related financing activities	<u>(252,463)</u>
Net increase (decrease) in cash	(239,931)
Cash - beginning	<u>408,946</u>
Cash - ending	<u>\$ 169,015</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (232,863)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	240,802
(Increase) decrease in accounts receivable	4,593
Total adjustments	<u>245,395</u>
Net cash provided (used) by operating activities	<u>\$ 12,532</u>

The accompanying notes are an integral part of this statement.



Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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**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, 2007

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**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, 2007

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**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, 2007

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**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.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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.

**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 - 10 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:

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**14. Stewardship, Compliance, and Accountability - Continued**

- (1) For the 2007 budget year, prior to August 23, 2006, the County Assessor sent the District the assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, 2006, 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 2007 budget, prior to December 15, 2006, 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.
- (5) For the 2007 budget, the final budget and appropriating resolution was adopted prior to December 31, 2006.
- (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.

The District had one supplemental appropriation for the year ended December 31, 2007 which increased the Water and Sewer Enterprise Fund budgeted expenditures by \$47,000.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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**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, 2007, the District had cash deposits of \$321,019, of which \$193,478 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 \$488,945 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, 2007

**NOTE C - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2007 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	168,658	-	-	168,658
Buildings	257,907	-	-	257,907
Infrastructure				
Roadway landscaping entry features	1,603,887	-	-	1,603,887
Roads	5,766,832	125,585	-	5,892,417
Drainage	396,007	-	-	396,007
Planning and engineering	1,255,138	-	-	1,255,138
Lake infrastructure	251,485	-	-	251,485
Total capital assets being depreciated	<u>9,699,914</u>	<u>125,585</u>	<u>-</u>	<u>9,825,499</u>
Less accumulated depreciation for:				
Vehicles and equipment	76,770	9,430	-	86,200
Buildings	19,075	8,597	-	27,672
Infrastructure				
Roadway landscaping entry features	286,112	53,463	-	339,575
Roads	1,016,038	194,321	-	1,210,359
Drainage	71,477	13,200	-	84,677
Planning and engineering	227,466	41,838	-	269,304
Lake infrastructure	46,106	8,383	-	54,489
Total accumulated depreciation	<u>1,743,044</u>	<u>329,232</u>	<u>-</u>	<u>2,072,276</u>
Total capital assets being depreciated, net	<u>7,956,870</u>	<u>(203,647)</u>	<u>-</u>	<u>7,753,223</u>
Governmental activities capital assets, net	<u>\$8,359,214</u>	<u>\$ (203,647)</u>	<u>\$ -</u>	<u>\$8,155,567</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, 2007

**NOTE C – CAPITAL ASSETS – CONTINUED**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 181,601	\$ 303,527	\$ (485,128)	\$ –
Capital assets being depreciated				
Water system	4,654,904	–	485,128	5,140,032
Sewer system	<u>2,326,601</u>	<u>–</u>	<u>–</u>	<u>2,326,601</u>
Total capital assets being depreciated	6,981,505	–	485,128	7,466,633
Less accumulated depreciation for:				
Water system	704,198	163,249	–	867,447
Sewer system	<u>348,990</u>	<u>77,553</u>	<u>–</u>	<u>426,543</u>
Total accumulated depreciation	<u>1,053,188</u>	<u>240,802</u>	<u>–</u>	<u>1,293,990</u>
Total capital assets being depreciated, net	<u>5,928,317</u>	<u>(240,802)</u>	<u>485,128</u>	<u>6,172,643</u>
Business-type activities capital assets, net	<u>\$6,109,918</u>	<u>\$ 62,725</u>	<u>\$ –</u>	<u>\$6,172,643</u>

**NOTE D – LONG-TERM DEBT**

The following is a schedule of changes in long-term debt during 2007:

	<u>December 31, 2006</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31, 2007</u>	<u>Due within one year</u>
Governmental activities					
Ford truck lease	\$ 21,633	\$ –	\$ 10,631	\$ 11,002	\$ 11,002
Tractor lease	53,506	–	10,319	43,187	10,133
Bonds payable, 2004	<u>159,120</u>	<u>–</u>	<u>27,173</u>	<u>131,947</u>	<u>32,987</u>
Total governmental activities long-term debt	<u>\$ 234,259</u>	<u>\$ –</u>	<u>\$ 48,123</u>	<u>\$ 186,136</u>	<u>\$ 54,122</u>
Business-type activities					
Bonds payable, 2006	<u>\$ 450,000</u>	<u>\$ –</u>	<u>\$ 266</u>	<u>\$ 449,734</u>	<u>\$ –</u>

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE D - LONG-TERM DEBT - CONTINUED**

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>
2008	\$ 32,987	\$ 5,573	\$ 38,560
2009	32,987	3,999	36,986
2010	32,987	2,426	35,413
2011	32,986	852	33,838
<b>Total</b>	<b>\$ 131,947</b>	<b>\$ 12,850</b>	<b>\$ 144,797</b>

On February 15, 2006 the District issued \$650,000 of general obligation water bonds to construct two water treatment facilities. As of December 31, 2007, 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.

The future minimum payments on the bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ -	\$ 23,612	\$ 23,612
2009	68,000	21,826	89,826
2010	71,000	18,177	89,177
2011	75,000	14,345	89,345
2012	79,000	10,302	89,302
Thereafter	156,734	7,985	164,719
<b>Total</b>	<b>\$ 449,734</b>	<b>\$ 96,247</b>	<b>\$ 545,981</b>

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.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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**NOTE D - LONG-TERM DEBT - CONTINUED**

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>
2008	\$ 21,135	\$ 2,220	\$ 23,355
2009	10,562	1,405	11,967
2010	11,012	956	11,968
2011	<u>11,480</u>	<u>488</u>	<u>11,968</u>
Total	<u>\$ 54,189</u>	<u>\$ 5,069</u>	<u>\$ 59,258</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 54,122	\$ 31,405	\$ 85,527
2009	111,549	27,230	138,779
2010	114,999	21,559	136,558
2011	119,466	15,685	135,151
2012	79,000	10,302	89,302
Thereafter	<u>156,734</u>	<u>7,985</u>	<u>164,719</u>
Total	<u>\$ 635,870</u>	<u>\$ 114,166</u>	<u>\$ 750,036</u>

**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, 2007 were \$6,815.

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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**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, 2007.

**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, 2007 the Pool made no distributions to the District.

Condensed financial statement data for the Colorado Special Districts Property and Liability Pool as of December 31, 2006 (the most recent information available) is as follows:

Catamount Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

**NOTE H - RISK MANAGEMENT - CONTINUED**

	Colorado Special District Property and Liability Pool
Assets	<u>\$ 19,969,609</u>
Liabilities	\$ 8,068,776
Net assets	<u>11,900,833</u>
Total	<u>\$ 19,969,609</u>
Revenue	\$ 9,623,475
Investment income and other	<u>785,607</u>
Total revenue	10,409,082
Expenses	<u>7,268,237</u>
Excess of revenues over expenses	<u>\$ 3,140,845</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, 2007 the District had the required 3% or \$20,850 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, 2007

	Original Budget Amounts	Final Budget Amounts	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Water assessments	\$ 33,553	\$ 33,553	\$ 33,553	\$ -
Water service fees	45,000	45,000	52,385	7,385
Sewer service fees	46,000	46,000	46,000	-
Meters	1,500	1,500	4,700	3,200
Tap fees	36,000	36,000	41,252	5,252
Bond proceeds	263,000	263,000	-	(263,000)
Total revenues	<u>425,053</u>	<u>425,053</u>	<u>177,890</u>	<u>(247,163)</u>
<b>Expenses</b>				
<b>Water operations</b>				
Personnel costs	23,000	23,000	23,000	-
Water testing	18,000	18,000	14,824	3,176
Repairs and maintenance	12,400	12,400	17,359	(4,959)
Utilities	7,000	7,000	8,434	(1,434)
Meter purchases	4,000	4,000	1,753	2,247
Debt service	16,728	16,728	24,007	(7,279)
Capital outlay	263,000	310,000	303,527	6,473
Total water operations expenses	<u>344,128</u>	<u>391,128</u>	<u>392,904</u>	<u>(1,776)</u>
<b>Sewer operations</b>				
Personnel costs	6,000	6,000	6,000	-
Repairs and maintenance	4,000	4,000	1,449	2,551
Sewer testing	9,000	9,000	9,676	(676)
Utilities	14,000	14,000	12,651	1,349
Total sewer operations expenses	<u>33,000</u>	<u>33,000</u>	<u>29,776</u>	<u>3,224</u>
Total expenses	<u>377,128</u>	<u>424,128</u>	<u>422,680</u>	<u>1,448</u>
Excess of revenues over (under) expenditures	<u>\$ 47,925</u>	<u>\$ 925</u>	<u>(244,790)</u>	<u>\$ (245,715)</u>
<b>Reconciliation to GAAP basis</b>				
Depreciation			(240,802)	
Capital outlay			303,527	
Debt principal			266	
Bond amortization			(2,041)	
Change in net assets GAAP basis			<u>(183,840)</u>	
Total net assets - beginning			6,113,353	
Total net assets - ending			<u>\$ 5,929,513</u>	