

# ROBERTSON & MARCHETTI, P.C.

*Certified Public Accountants*

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## Accountant's Compilation Report

December 19, 2013

Board of Directors  
Cornerstone Metropolitan District No. 1  
Montrose, Colorado

I have compiled the accompanying combined balance sheet of Cornerstone Metropolitan District No. 1 as of November 30, 2013 and the related statement of revenues, expenditures and changes in fund balance with budgets for the eleven month period then ended. I also compiled the accompanying budget and forecast of revenues, expenditures and changes in fund balance for the year ending December 31, 2013 and the adopted 2014 budgets, in accordance with standards established by the American Institute of Certified Public Accountants.

I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

As a consulting financial manager, I participate in the financial management of the District. Management (with my participation) is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements. I have prepared these financial statements in my capacity as a consulting financial manager for the District.

My responsibility includes conducting the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management (with my participation) has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

A compilation of a forecasted financial statement is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. I have not examined the accompanying forecast and, accordingly, do not express an opinion or any other form of assurance on the forecasted statement or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. I have no responsibility to update this report for events or circumstances occurring after the date of this report.

The actual historical information for calendar year 2012 is presented for comparative purposes only. Such information is taken from the financial statements for the District for the year ended December 31, 2012, which have been audited by Haynie & Company, and upon which they expressed an unqualified opinion in their report dated July 15, 2013.

I am not independent from and accounting and auditing perspective with respect to Cornerstone Metropolitan District No. 1 because I perform certain accounting services that impair my independence.

ROBERTSON & MARCHETTI, P.C.

  
Eric Weaver, CPA  
Vice-President

CORNERSTONE METROPOLITAN DISTRICT NO. 1  
 STATEMENT OF NET POSITION  
 November 30, 2013

	General Fund	Water & Sewer Fund	Capital Assets & LT Debt	Totals
<b>ASSETS</b>				
CSAFE Checking	490			490
Alpine Checking	50,060	4,216		54,276
Alpine Money Market	-			-
Accounts Receivable	224,316	170,932		395,247
Allowance for Delayed Payments	(224,316)	(170,932)		(395,248)
Prepaid Expenses	194			194
Due From CSMD No. 2	0		24,031	24,031
Due From COA	(10)			(10)
Capital Assets			16,653,497	16,653,497
Accumulated Depreciation			(2,548,848)	(2,548,848)
<b>TOTAL ASSETS</b>	<b>50,734</b>	<b>4,215</b>	<b>14,128,680</b>	<b>14,183,629</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>				
Accounts Payable	38,542			38,542
Payroll Tax Payable	298			298
Long-Term Notes Payable to Hunt			7,346,498	7,346,498
Accrued Interest - Hunt Notes			2,009,865	2,009,865
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>	<b>38,841</b>		<b>9,356,363</b>	<b>9,395,204</b>
<b>NET POSITION</b>				
Investment in Fixed Assets, Net of Depreciation			14,104,649	14,104,649
Investment in Hunt Notes & Accrued Interest			(9,356,363)	(9,356,363)
Investment in CMD2 Delayed Receipts			24,031	24,031
Fund Balance	11,893	4,215		16,108
<b>TOTAL FUND EQUITY</b>	<b>11,893</b>	<b>4,215</b>	<b>4,772,317</b>	<b>4,788,425</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>50,734</b>	<b>4,215</b>	<b>14,128,680</b>	<b>14,183,629</b>
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**CORNERSTONE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED**  
**ACCRUAL**  
**BASIS**

GENERAL FUND	2012 Audited Actual	2013 Adopted Budget	Variance Favorable (Unfavor.)	2013 Forecast	11 Months Ended 11/30/2013 Actual	11 Months Ended 11/30/2013 Budget	Variance Favorable (Unfavor.)	2014 Adopted Budget	Budget Comments
<b>REVENUES</b>									
Xfer From No. 2- Operations	242,812	284,763	(51,524)	233,239	170,383	185,554	(15,171)	305,502	Assumes all that paid in 13 pay in 14 \$3K, \$4.5K, & \$7.50 rate structure Estimated charges Assumes all that paid in 13 pay in 14 Assume None Collected
General Operations Fee		292,877	(2,498)	290,379	290,379	292,877	(2,498)	449,819	
Late Fees & Interest Charges		-	55,000	55,000	52,630	-	52,630	71,000	
Allowance for Delayed Payments		(127,998)	(98,688)	(226,686)	(224,316)	(127,998)	(96,318)	(346,805)	
Collection of Past Due Balances		-	-	-	-	-	-	-	
Interest Income	0	-	-	-	-	-	-	-	
<b>TOTAL REVENUES</b>	<b>242,812</b>	<b>449,642</b>	<b>(97,710)</b>	<b>351,932</b>	<b>289,076</b>	<b>350,433</b>	<b>(61,357)</b>	<b>479,515</b>	
<b>EXPENDITURES</b>									
<b>Operations:</b>									
Accounting & Administration	60,404	50,000	(15,000)	65,000	58,795	46,500	(12,295)	50,000	Based on reduced activity
District Management	28,438	8,000	(11,000)	19,000	17,000	7,333	(9,667)	12,000	Assume \$1K/ month base
Financial Planning & Other Special Services	1,231	1,000	1,000	-	-	1,000	1,000	-	
Audit	10,150	11,000	300	10,700	10,700	11,000	300	11,000	Both District 1 & 2
Board Member Compensation	-	-	(3,009)	3,009	2,099	-	(2,099)	2,400	Both District 1 & 2
Insurance & Bonds	11,158	12,000	1,085	10,915	10,915	12,000	1,085	11,500	Both District 1 & 2
Worker's Compensation	45	60	(134)	194	194	-	(194)	200	Board member coverage
Dues and Subscriptions	150	1,750	717	1,033	1,033	1,750	717	1,100	SDA Dues for both Districts
Elections	801	-	-	-	-	-	-	2,000	Only in Even Years- Assume Canceled
Legal	59,125	30,000	(30,000)	60,000	55,455	27,500	(27,955)	50,000	Based on reduced activity
Legal - Collections			(11,000)	11,000	8,749	-	(8,749)	12,000	
Office Expense	2,189	1,500	(1,000)	2,500	2,379	1,375	(1,004)	2,250	Conf calls, postage, etc
Publication Expense	21	150	-	150	133	150	17	150	Based on Prior Year Fcst
Contingency	-	20,000	20,000	-	-	18,333	18,333	20,000	Only minimal amounts available
<b>Facility Operations:</b>									
Electricity	-	1,250	250	1,000	586	950	364	2,000	Full year in 2014
Natural Gas	580	1,500	985	515	515	1,375	860	-	Leave off- electric heat
Telephone & Internet	-	-	(2,600)	2,600	2,267	-	(2,267)	2,760	Gate & Building
Insurance	-	1,000	1,000	-	-	-	-	-	Included Above
Building Maintenance	-	1,000	750	250	102	102	-	250	Only required items
Grounds Maintenance	-	-	-	-	-	-	-	-	
<b>Less Allocations to Functions</b>									
To Road Operations (25%)		(35,053)	11,914	(46,966)	(42,730)	(32,342)	10,388	(44,903)	25% Roads
To Water & Swr Fund (40%)	(69,717)	(56,084)	19,062	(75,146)	(68,369)	(51,747)	16,621	(71,844)	30% Water & 10% Sewer
To Capital Fund (0%)	-	-	-	-	-	-	-	-	No capital projects
<b>TOTAL OPERATIONS EXPENDITURES</b>	<b>104,575</b>	<b>49,074</b>	<b>(16,679)</b>	<b>65,753</b>	<b>59,823</b>	<b>45,279</b>	<b>(14,544)</b>	<b>62,864</b>	

SEE ACCOMPANYING ACCOUNTANT'S REPORT

CORNERSTONE METROPOLITAN DISTRICT NO. 1  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED

MODIFIED  
 ACCRUAL  
 BASIS

GENERAL FUND (CONTINUED)	2012 Audited Actual	2013 Adopted Budget	Variance Favorable (Unfavor.)	2013 Forecast	11 Months Ended 11/30/13 Actual	11 Months Ended 11/30/13 Budget	Variance Favorable (Unfavor.)	2014 Adopted Budget	Budget Comments
<b>EXPENDITURES (CONTINUED)</b>									
<b>Road Repairs and Maintenance:</b>									
Contracted Services- Snowplowing	54,941	75,000	20,000	55,000	45,329	60,000	14,671	75,000	Based on Average Year
Sand and Gravel	-	-	-	-	-	-	-	-	Included in Above
Misc Road Expenses	-	500	500	-	-	-	-	-	
Culvert Cleaning Repair, and Replacement	-	-	-	-	-	-	-	-	
Equipment Storage Facility & Heating	5,230	5,000	2,500	2,500	-	-	-	5,500	Rent & propane
Storm Water Management- BMP's	-	-	-	-	-	-	-	-	
Guardrail Maintenance	-	-	-	-	-	-	-	-	
Sign Maintenance	-	-	-	-	-	-	-	-	
Street Sweeping	-	-	-	-	-	-	-	2,000	Only most traveled sections
Government Springs Road Maintenance	-	13,200	13,200	-	-	13,200	13,200	-	Paid to Ouray County
Shoulder and V Ditch Maintenance	-	5,000	3,800	1,200	1,200	5,000	3,800	1,200	Minimal work
Crack Seal/ Pavement Repair	-	5,000	2,800	2,200	2,200	5,000	2,800	2,500	Minimal work
Weed Control- Road Right-Of-Ways	-	5,000	5,000	-	-	-	-	2,500	Minimal work
Overhead Allocation (25%)	-	35,053	(11,914)	46,966	42,730	32,342	(10,388)	44,903	25% of admin overhead
Contingency	-	-	-	-	-	-	-	10,000	Extra since budget so tight
<b>TOTAL ROAD EXPENDITURES</b>	<b>60,172</b>	<b>143,753</b>	<b>35,886</b>	<b>107,866</b>	<b>91,459</b>	<b>115,542</b>	<b>24,083</b>	<b>143,603</b>	
<b>Public Safety- Welcome Center</b>									
Staffing	7,846	-	-	-	-	-	-	-	Assume no staffed services
Operating Supplies	-	-	-	-	-	-	-	-	
<b>TOTAL WELCOME CENTER EXPENDITURES</b>	<b>7,846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Public Safety- Fire &amp; EMS:</b>									
Training	-	-	-	-	-	-	-	-	Through club personnel
Equipment	175	-	-	-	-	-	-	-	
Dispatch Fee	-	-	-	-	-	-	-	-	Cancel Agreement
HVFD Stipend	-	-	(2,000)	2,000	2,000	-	(2,000)	2,000	Revised contract amount
HVFD Structural Fire Support	-	-	-	-	-	-	-	-	
Worker Compensation Insurance	1,035	-	-	-	-	-	-	-	No longer have staff
<b>TOTAL FIRE &amp; EMS EXPENDITURES</b>	<b>1,210</b>	<b>-</b>	<b>(2,000)</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>	<b>(2,000)</b>	<b>2,000</b>	
<b>TOTAL EXPENDITURES</b>	<b>173,802</b>	<b>192,826</b>	<b>17,207</b>	<b>175,619</b>	<b>153,282</b>	<b>160,821</b>	<b>7,539</b>	<b>208,466</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>69,009</b>	<b>256,816</b>	<b>(80,503)</b>	<b>176,313</b>	<b>135,794</b>	<b>189,612</b>	<b>(53,818)</b>	<b>271,049</b>	
<b>OTHER SOURCES &amp; (USES)</b>									
Transfer (to) from Other Funds	(105,000)	(205,000)	(35,000)	(240,000)	(215,000)	(205,000)	(10,000)	(247,000)	To subsidize W&S
Developer Advance - Operations	-	-	-	-	-	-	-	-	
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>(105,000)</b>	<b>(205,000)</b>	<b>(35,000)</b>	<b>(240,000)</b>	<b>(215,000)</b>	<b>(205,000)</b>	<b>(10,000)</b>	<b>(247,000)</b>	
<b>FUND BALANCE - BEGINNING</b>	<b>127,090</b>	<b>47,591</b>	<b>43,508</b>	<b>91,099</b>	<b>91,099</b>	<b>47,591</b>	<b>43,508</b>	<b>27,412</b>	
<b>FUND BALANCE - ENDING</b>	<b>91,099</b>	<b>99,407</b>	<b>(71,995)</b>	<b>27,412</b>	<b>11,893</b>	<b>32,203</b>	<b>(20,310)</b>	<b>51,461</b>	
<b>Categories of Fund Balance:</b>									
Reserved for TABOR (3% For Emergencies)	5,214	5,785	(516)	5,269	-	-	-	6,254	
Reserved For Road Repairs	-	21,127	(10,300)	10,827	-	-	-	41,238	
Reserved for Operations	85,885	72,496	(61,179)	11,317	-	-	-	3,970	
<b>Total Fund Balance- General Fund</b>	<b>91,099</b>	<b>99,407</b>	<b>(71,995)</b>	<b>27,412</b>	<b>11,893</b>	<b>32,203</b>	<b>(20,310)</b>	<b>51,461</b>	

**CORNERSTONE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED**

**MODIFIED**  
**ACCRUAL**  
**BASIS**

<b>WATER &amp; SEWER ENTERPRISE FUND</b>	<b>2012 Audited Actual</b>	<b>2013 Adopted Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2013 Forecast</b>	<b>11 Months Ended 11/30/13 Actual</b>	<b>11 Months Ended 11/30/13 Budget</b>	<b>Variance Favorable (Unfavor.)</b>	<b>2014 Adopted Budget</b>	<b>Budget Comments</b>
<b>Water Consumption in Gallons:</b>									
Residential	1,959,340	1,504,000	(604,000)	900,000	724,550	413,600	310,950	960,000	Homes * Average Usage
Golf Course & Ponds	44,784,386	15,000,000	(14,800,000)	200,000	182,500	2,602,646	(2,420,146)	-	Assume none pumped
Club Facilities	961,010	500,000	300,000	800,000	774,850	286,528	488,322	-	Assume none pumped
Flushing & WWTP Consumption	2,364,850	2,750,000	750,000	3,500,000	2,413,730	1,171,882	1,241,848	3,200,000	Based on Prior Years
Non-Metered Water Loss	1,114	1,250,000	250,000	1,500,000	128,070	625,000	(496,930)	1,250,000	Based on Prior Years
<b>Total Gallons Purchased During Year</b>	<b>50,070,700</b>	<b>21,004,000</b>	<b>(14,104,000)</b>	<b>6,900,000</b>	<b>4,223,700</b>	<b>5,099,655</b>	<b>(875,955)</b>	<b>5,410,000</b>	
<b>Cost of Water Purchased:</b>									
Tri-County Rate	3.00	3.15		3.00				3.15	Estimated 5% Increase
Tri-County Pumping Charge	0.35	0.37		0.35				0.37	Estimated 5% Increase
Booster Pump Utility Costs	2.15	2.26		7.50				9.45	Huge jump when not pumping to course
<b>Cost to Obtain Water- Per 1K Gallons</b>	<b>5.50</b>	<b>5.78</b>		<b>10.85</b>				<b>12.97</b>	
<b>Water Rates:</b>									
<b>House or Structure Charges Per Quarter:</b>									
Up to 18,000 Gallons	184.00	400.00		400.00				600.00	Based on 50% Increase
18,000 - 50,000 Gallons	12.50	15.00		15.00				20.00	Based on Prior Years
Over 50,000 Gallons	18.50	20.00		20.00				25.00	Based on Prior Years
<b>Golf Course Water Rate- Up to 15M Gallons</b>	<b>6.25</b>	<b>12.00</b>		<b>12.00</b>				<b>13.00</b>	Based on Prior Years
<b>Golf Course Water Rate- After 15M Gallons</b>	<b>6.25</b>	<b>6.00</b>		<b>6.00</b>				<b>7.00</b>	Based on Prior Years
<b>Clubhouse Ponds Water Rate</b>	<b>6.25</b>	<b>12.00</b>		<b>8.00</b>				<b>9.00</b>	Based on Prior Years
<b>Tap Fee- Residential</b>	<b>7,500</b>	<b>7,500</b>		<b>7,500</b>				<b>7,500</b>	Based on Prior Years
<b>Sewer Rates:</b>									
Quarterly Sewer Charge	150.00	300.00		300.00				450.00	Based on 50% Increase
Sewer Tap Fee- Residential	7,500	7,500		7,500				7,500	Based on Prior Years
<b>Units Connected To Systems:</b>									
<b>Water System</b>									
Homes Added to Domestic Water System	-	-		-				-	No new homes anticipated
Total Connected- End of Yr	16	16		16				16	
Average Quarterly Use Per Household	30,615	23,500		14,063				15,000	Based on 2013
Average Quarterly Bill Per Household	499	516		504				756	Based on 50% Increase
<b>Sewer System</b>									
Homes Added to Sewer System	1	1		-				-	1 home remaining under construction
Total Homes Connected- End of Yr	15	15		15				15	
<b>REVENUES</b>									
Water User Fees Commercial	286,980	183,000	(165,526)	17,474	15,974	182,909	(166,936)	14,400	Assume only base fees
Commercial Overhead Fees	61,986	-	-	-	-	-	-	-	No longer used
Water User Fees Residential	31,926	33,000	(739)	32,261	26,161	26,600	(439)	48,392	Average bill amounts
Sewer User Fee Commercial	1,950	3,900	1,200	5,100	4,125	2,925	1,200	9,450	Assume only base fees
Sewer User Fee Residential	8,400	18,000	(1,800)	16,200	12,300	13,500	(1,200)	24,300	Homes X Qtrly Rate
Interest Income	-	-	-	-	-	-	-	-	All in General Fund
Late Fees & Interest	21,620	200	17,800	18,000	17,817	183	17,633	21,900	Charged but not assumed collected
Backflow Testing Fee	2,600	2,900	(2,900)	-	-	2,900	(2,900)	-	Program postponed since not all pay
Title Fee	1,450	-	-	-	-	-	-	-	
Less Allowance For Delayed Receipts	(121,951)	-	(55,000)	(55,000)	(48,981)	-	(48,981)	(64,950)	Current non-payers, including interest
Collection of Past Due Balances									
<b>TOTAL REVENUES</b>	<b>294,961</b>	<b>241,000</b>	<b>(206,965)</b>	<b>34,035</b>	<b>27,396</b>	<b>229,018</b>	<b>(201,622)</b>	<b>53,492</b>	

CORNERSTONE METROPOLITAN DISTRICT NO. 1  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL, BUDGET AND FORECAST FOR THE PERIODS INDICATED

MODIFIED  
 ACCRUAL  
 BASIS

WATER & SEWER ENTERPRISE FUND	2012 Audited Actual	2013 Adopted Budget	Variance Favorable (Unfavor.)	2013 Forecast	11 Months Ended 11/30/13 Actual	11 Months Ended 11/30/13 Budget	Variance Favorable (Unfavor.)	2014 Adopted Budget	Budget Comments
<b>Direct Water Expenses:</b>									
Water Utilities	107,615	47,417	(4,333)	51,750	45,880	46,368	488	51,125	Rate times Gallons
Water - Tri-County Water	148,091	66,703	45,463	21,240	21,027	62,488	41,461	17,582	Gallons times rate
Water - Tri-County Pumping	17,242	7,719	5,304	2,415	2,418	7,231	4,813	1,988	Gallons times rate
Annual Backflow Testing	3,227	3,250	3,250	-	-	3,250	3,250	-	Postpone program
<b>Total Variable Water Expenses</b>	<b>276,175</b>	<b>125,088</b>	<b>49,683</b>	<b>75,405</b>	<b>69,325</b>	<b>119,337</b>	<b>50,012</b>	<b>70,694</b>	
System Operator	54,625	75,000	12,250	62,750	58,250	68,750	10,500	54,000	Assume lower for no GC pumping
Water Booster Maintenance	5,044	15,000	14,000	1,000	-	13,750	13,750	20,000	1 Pump already down
Distribution System Maintenance	-	15,000	11,000	4,000	3,392	13,750	10,358	5,000	Only required items
Engineering	741	-	-	-	-	-	-	-	
Reimbursements & Misc. Other	4,463	4,250	(3,750)	8,000	7,216	3,896	(3,320)	7,800	Mileage, cell phone, supplies
Contracted Services	-	-	(1,765)	1,765	1,763	-	(1,763)	-	Olsson Associates report
Supplies, Permitting, Other	389	500	-	500	74	458	384	500	
Temporary Service Connections	-	-	-	-	-	-	-	-	
Tap Connection Fee	-	-	-	-	-	-	-	-	
Testing	623	1,250	500	750	345	1,146	801	750	No new taps
Vehicles & Equipment	5,800	-	(15)	15	15	-	(15)	250	Snowmobile servicing
Legal	-	-	-	-	-	-	-	-	
Allocated Overhead from General Fund	52,288	42,063	(14,297)	56,360	51,277	38,811	(12,466)	53,883	30% of GF Expenses
Contingency	-	10,000	10,000	-	-	9,167	9,167	7,500	
<b>Total Non-Variable Water Expenses</b>	<b>123,972</b>	<b>163,063</b>	<b>27,923</b>	<b>135,140</b>	<b>122,332</b>	<b>149,727</b>	<b>27,395</b>	<b>149,683</b>	
<b>Total Water System Operating Costs</b>	<b>400,147</b>	<b>288,151</b>	<b>77,606</b>	<b>210,545</b>	<b>191,658</b>	<b>269,065</b>	<b>77,407</b>	<b>220,377</b>	
<b>Direct Sewer Expenses:</b>									
Collection System Maintenance	-	2,500	2,500	-	-	2,292	2,292	2,500	Only required items
Operating Supplies	94	1,000	1,000	-	-	917	917	500	
Personnel/Contracted Services	40,224	40,000	-	40,000	36,848	36,667	(182)	41,000	Hourly Charges, Mileage, etc
Engineering	-	-	-	-	-	-	-	-	
Utilities	2,148	3,250	-	3,250	2,979	2,900	(79)	3,250	
Testing, Permitting, Other	-	1,000	160	840	840	917	77	-	Included above
Allocated Overhead from General Fund	17,429	14,021	(4,766)	18,787	17,092	12,937	(4,155)	17,961	10% of GF Exp.
Contingency	-	5,000	5,000	-	-	4,444	4,444	2,500	
<b>Total Sewer System Operating Costs</b>	<b>59,894</b>	<b>66,771</b>	<b>3,894</b>	<b>62,877</b>	<b>57,760</b>	<b>61,073</b>	<b>3,313</b>	<b>67,711</b>	
<b>TOTAL OPERATING EXPENDITURES</b>	<b>460,041</b>	<b>354,922</b>	<b>81,501</b>	<b>273,421</b>	<b>249,417</b>	<b>330,138</b>	<b>80,720</b>	<b>288,088</b>	
<b>REVENUE OVER (UNDER) EXPEND.</b>	<b>(165,080)</b>	<b>(113,922)</b>	<b>(125,464)</b>	<b>(239,386)</b>	<b>(222,022)</b>	<b>(101,120)</b>	<b>(120,902)</b>	<b>(234,597)</b>	
<b>OTHER SOURCES &amp; (USES)</b>									
Water Tap Fees- Residential	-	-	-	-	-	-	-	-	No new homes
Water Tap Fees- Commercial	-	-	-	-	-	-	-	-	No new commercial
Sewer Tap Fees- Residential	-	-	-	-	-	-	-	-	No new homes
Sewer Tap Fees- Commercial	-	-	-	-	-	-	-	-	No new commercial
Developer Advance	-	-	-	-	-	-	-	-	
Developer Repayments - Principal	-	-	-	-	-	-	-	-	No funds available
Transfer From (To) Other Funds	105,000	205,000	35,000	240,000	215,000	205,000	10,000	247,000	Available funds from General Fund
<b>TOTAL OTHER SOURCES &amp; (USES)</b>	<b>105,000</b>	<b>205,000</b>	<b>35,000</b>	<b>240,000</b>	<b>215,000</b>	<b>205,000</b>	<b>10,000</b>	<b>247,000</b>	
<b>FUND BALANCE - BEGINNING</b>	<b>71,317</b>	<b>9,373</b>	<b>1,864</b>	<b>11,237</b>	<b>11,237</b>	<b>9,373</b>	<b>1,865</b>	<b>11,850</b>	
<b>FUND BALANCE - ENDING</b>	<b>11,237</b>	<b>100,451</b>	<b>(88,601)</b>	<b>11,850</b>	<b>4,215</b>	<b>113,253</b>	<b>(109,037)</b>	<b>24,253</b>	

SEE ACCOMPANYING ACCOUNTANT'S REPORT