

Middle Park Water Conservancy District

FINANCIAL STATEMENTS

With Independent Auditors' Report

December 31, 2016 and 2015



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Middle Park Water Conservancy District

FINANCIAL STATEMENTS

December 31, 2016 and 2015

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Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Middle Park Water Conservancy District
Grand County, Colorado

We have audited the accompanying financial statements of Middle Park Water Conservancy District (the District), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Middle Park Water Conservancy District, as of December 31, 2016 and 2015, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and legal requirements, and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Darner Higgin & Associates, PC

Lakewood, Colorado
July 12, 2017

Management's Discussion and Analysis

The discussion and analysis of Middle Park Water Conservancy District's financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

Financial Highlights

- Assets of the District exceeded its liabilities at the close of the fiscal year by \$1,047,964 (net position). Of this amount, \$1,043,764 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The District's total net position increased by \$3,643 from the prior fiscal year.
- Operating revenues increased \$32,040, or approximately 22%, from the prior year.
- Operating expenses increased \$25,732, or approximately 9%, due primarily to increases in engineering and legal related expenses.

Overview of the Financial Statements

The Middle Park Water Conservancy District basic financial statements included in this report are those of a special purpose government engaged in a business-type activity. The primary function of the District is to preserve, protect and develop water rights within the District and to provide water to entities within the District's boundaries. The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Basic Financial Statements. The basic 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.

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

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned compensation). The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses.

The *Statement of Cash Flows* reports the District's cash flows from operating activities, investing, capital and noncapital activities.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic and fund financial statements.

Supplemental Information.

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. Middle Park Water Conservancy District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Middle Park Water Conservancy District maintains a single enterprise fund to account for water services.

Middle Park Water Conservancy District adopts an annual appropriated budget for the enterprise fund. A budgetary comparison statement has been provided in the supplemental information to demonstrate compliance with the budget.

Unlike the basic financial statements, the 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 the District's near-term financing requirements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Middle Park Water Conservancy District, assets exceeded liabilities by \$1,044,321 at the close of the most recent fiscal year.

Middle Park Water Conservancy District		
Net position		
	2016	2015
Assets		
Current assets	\$ 1,189,733	\$ 1,188,939
Total Assets	<u>1,189,733</u>	<u>1,188,939</u>
Liabilities and deferred inflows of resources		
Current liabilities	9,481	11,875
Deferred inflows of resources	<u>132,288</u>	<u>132,743</u>
Total Liabilities and deferred inflows of resources	<u>141,769</u>	<u>144,618</u>
Net position		
Restricted for emergency reserve	4,200	4,000
Unrestricted	<u>1,043,764</u>	<u>1,040,321</u>
Total Net position	<u>\$ 1,047,964</u>	<u>\$ 1,044,321</u>

Current assets of the District consist of cash and cash equivalents of \$1,040,355, including investments of \$768,241 as of December 31, 2016. After liquidation of current liabilities and deferred inflows of \$141,769, the unrestricted net position of \$1,047,964 is available to be used to meet the government's ongoing obligations to its citizens and creditors.

Middle Park Water Conservancy District		
Changes in Net Position		
	2016	2015
Operating revenues		
Water sales	\$ 175,608	\$ 143,568
Non-operating revenues		
Property and specific ownership tax, net	133,063	126,713
Interest earnings	<u>4,260</u>	<u>2,070</u>
Total Revenues	<u>312,931</u>	<u>272,351</u>
Operating expenses		
Counsel fees and operating expenses	243,010	227,268
Engineering expenses	51,525	38,253
Other operating expenses	<u>14,753</u>	<u>18,035</u>
Total Expenses	<u>309,288</u>	<u>283,556</u>
Change in Net Position	3,643	(11,205)
Net Position-Beginning	<u>1,044,321</u>	<u>1,055,526</u>
Net Position-Ending	<u>\$ 1,047,964</u>	<u>\$ 1,044,321</u>

Enterprise Fund Budgetary Highlights

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The Board of Directors can only amend appropriation resolutions after notification and publication requirements. No changes were made to the original approved budget for 2016.

Due to a higher number of water contracts in 2016 than originally anticipated, water sales were higher from the budgeted amount by \$25,608.

Capital Asset and Debt Administration

Capital assets. The Middle Park Water Conservancy District has no investment in capital assets.

Long-term debts. The Middle Park Water Conservancy District had no long-term debts outstanding as of December 31, 2016 and 2015.

Economic Factors and Next Year's Budget

- Growth within the District is anticipated to continue at a modest pace, with water sales at approximately the historic average.
- The District's legal counsel continues to monitor water supply and water rights, and maintain working relationships with other interested parties.
- The 2017 budget includes a carryover of anticipated expenses for continued water rights leasing and costs related to the Windy Gap Firming Project, the Colorado River Basin negotiations and the Denver Moffat Firming Project.
- Travel is anticipated related to CWC, NWRA, seminars and Special Projects.

Requests for Information

This financial report is designed to provide a general overview of Middle Park Water Conservancy District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Counsel, Stan Cazier, Middle Park Conservancy District, P.O. Box 145, Granby, Colorado 80446.

Middle Park Water Conservancy District

STATEMENTS OF NET POSITION

As of December 31, 2016 and 2015

	2016	2015
ASSETS		
CURRENT OPERATING ASSETS		
Cash and investments	\$ 1,040,355	\$ 1,039,882
Prepaid expenses	17,090	16,314
Property taxes receivable	132,288	132,743
Total assets	1,189,733	1,188,939
LIABILITIES , DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	9,481	11,875
Total liabilities	9,481	11,875
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	132,288	132,743
Total deferred inflows of resources	132,288	132,743
NET POSITION		
Restricted for emergencies	4,200	4,000
Unrestricted	1,043,764	1,040,321
Total net position	1,047,964	1,044,321
Total liabilities, deferred inflows of resources, and net position	\$ 1,189,733	\$ 1,188,939

The accompanying Notes to Financial Statements are an integral part of these statements.

Middle Park Water Conservancy District

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the years ended December 31, 2016 and 2015

	2016	2015
OPERATING REVENUE		
Water sales and other service revenue	\$ 175,608	\$ 143,568
Total operating revenues	175,608	143,568
OPERATING EXPENSES		
Insurance and director expenses	8,938	9,105
Counsel fees and operating expenses	243,010	227,268
Engineering expenses	51,525	38,253
Dues	2,315	3,156
Audit	3,500	3,200
Travel	-	2,574
Total operating expenses	309,288	283,556
OPERATING (LOSS)	(133,680)	(139,988)
NON-OPERATING REVENUES		
General property taxes, net of treasurer fees	125,623	119,628
Specific ownership taxes	7,440	7,085
Other interest earnings	4,260	2,070
Total non-operating revenues	137,323	128,783
CHANGE IN NET POSITION	3,643	(11,205)
NET POSITION - Beginning of year	1,044,321	1,055,526
NET POSITION - End of year	\$ 1,047,964	\$ 1,044,321

The accompanying Notes to Financial Statements are an integral part of these statements.

Middle Park Water Conservancy District

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 175,608	\$ 143,568
Cash paid to suppliers	(312,458)	(285,819)
Net cash used by operating activities	(136,850)	(142,251)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from property and specific ownership taxes	133,063	126,713
Net cash provided by noncapital financing activities	133,063	126,713
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	4,260	2,070
Net cash provided by investment activities	4,260	2,070
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	473	(13,468)
CASH AND CASH EQUIVALENTS - Beginning of year	1,039,882	1,053,350
CASH AND CASH EQUIVALENTS - End of year	\$ 1,040,355	\$ 1,039,882
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (133,680)	\$ (139,988)
Adjustments to reconcile operating loss to net cash used by operating activities		
Change in assets and liabilities		
(Increase) decrease in prepaid expenses	(776)	(419)
Increase (decrease) in accounts payable	(2,394)	(1,844)
Total adjustments	(3,170)	(2,263)
Net cash used by operating activities	\$ (136,850)	\$ (142,251)

The accompanying Notes to Financial Statements are an integral part of these statements.

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

Note 1 – Summary of significant accounting policies

The following is a summary of the more significant accounting policies of the District:

Nature of activity

Middle Park Water Conservancy District is a quasi-municipal corporation and political subdivision of the State of Colorado. The primary function of the District is to preserve, protect and develop water rights within the District and to provide water to entities within the District's boundaries.

Reporting entity

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The foregoing criteria are used to determine whether an entity is a component unit of another governmental entity or whether the agency or organization should be included in reports of this reporting entity.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Measurement focus, basis of accounting and financial statement presentation

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as proprietary funds. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred.

The District distinguishes between operating revenues and expenses and nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing business of providing water services. The primary operating revenues are for charges to customers for sales and services. Operating expenses include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2016 and 2015

Cash Equivalents

For purposes of the Statements of Cash Flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

At December 31, 2016 and 2015, the carrying value of investments approximates fair value.

Revenue recognition/property taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December and are payable in the following year. Taxes levied in December and collectable in the following year are recorded as deferred revenue at December 31.

Property tax revenues are recognized when they are paid to the District by the County Treasurer each month. Property tax revenue held by the County Treasurer on December 31 is treated as revenue of the current year. Delinquent taxes of prior years are recognized as revenue at the time remitted to the District by the County Treasurer. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable.

Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. The County Treasurer bills and collects property taxes for all taxing entities within the County. The property tax receipts collected by the County Treasurer each month are remitted to the District in the subsequent month.

Budget and budgetary accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are required by state law for all funds. During September, a proposed budget for the fiscal year commencing the following January 1 is prepared for the Board of Directors of the District. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted by the Board to obtain taxpayer comments.
3. Prior to December 31, the budget is adopted by formal resolution.
4. Expenditures may not legally exceed appropriations. Any revisions that alter the total budgeted expenditures of any fund must be approved by the Board of Directors.

Estimates

The presentation 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Middle Park Water Conservancy District

**NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2016 and 2015**

Note 2 – Cash, cash equivalents and investments

Cash deposits and investments are reflected in the December 31, 2016 Statement of Net Position as follows:

	Book Balance	Bank Balance
Cash Deposits		
Insured deposits		
Demand deposits	\$ 130,721	\$ 133,344
Certificates of deposit	141,393	142,102
	\$ 272,114	\$ 275,446
	Fair Value	
Investments		
Local government investment pools	768,241	
Total cash and investments	\$ 1,040,355	

Deposits with financial institutions

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. As of December 31, 2016 and 2015, the federal insurance limits were \$250,000. 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 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2016 and 2015, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District primarily limits its investments to local government investments pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2016 and 2015

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pool

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized costs.

The local government investment pools, which include the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust), are both rated AAAM by Standard & Poor's.

Interest Rate Risk - Colorado Revised Statutes limit the District's investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from interest rates.

CSAFE

The District invested in Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE investments are valued at amortized costs.

Middle Park Water Conservancy District

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2016 and 2015

Note 3 – Tax, spending and debt limitation

In November, 1992, the voters of Colorado approved Amendment One, referred to as the Taxpayer's Bill of Rights (TABOR) which adds a new Section 20 to Article X of the Colorado constitution.

TABOR contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

TABOR prohibits the creation of multiple-fiscal year debt without prior voter approval or without irrevocably pledging present cash reserves for all future payments, except for bond refinancing at lower interest rates.

The District's financial activity for 1993 provides the base for calculations of future limitations adjusted for allowable increases related to inflation and local growth. Subsequent to 1993, revenue in excess of the District's "Fiscal Year Spending" must be refunded unless voters approve to retain the excess of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service) in 1995 and thereafter. The District has reserved \$4,000 at December 31, 2016 and \$4,000 at December 31, 2015.

TABOR is complicated and is currently the subject of numerous lawsuits for interpretation. Implementation will depend upon litigation and legislative guidance. The District believes it is in compliance with current interpretations of TABOR tax, revenue and debt limitations.

Note 4 – Risk Management

The District is exposed to various risks of losses related to torts, theft of assets, errors and omissions; and natural disasters. The District carries commercial insurance for these risks of loss, including workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

SUPPLEMENTAL INFORMATION

Middle Park Water Conservancy District

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE-BUDGET BASIS
BUDGET AND ACTUAL**

For the year ended December 31, 2016

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
General property taxes (net)	\$ 125,000	\$125,623	\$ 623
Specific ownership taxes	6,351	7,440	1,089
Interest earnings	1,600	4,260	2,660
Water sales and other service revenue	150,000	175,608	25,608
Total revenues	<u>282,951</u>	<u>312,931</u>	<u>29,980</u>
EXPENDITURES			
Director's expenses and insurance	15,000	8,938	6,062
Counsel fees and operating expenses	192,550	243,010	(50,460)
Engineering expenses	40,000	51,525	(11,525)
Dues	2,000	2,315	(315)
Audit	3,500	3,500	-
Fees and negotiations	21,700	-	21,700
Emergency and contingency	83,599	-	83,599
Reserves	34,108	-	34,108
Construction fund (Windy Gap)	889,401	-	889,401
Travel, special projects, seminars, and facilitation	35,394	-	35,394
Total expenditures	<u>1,317,252</u>	<u>309,288</u>	<u>1,007,964</u>
Excess (Deficit) of revenues over (Under) expenditures	<u>(1,034,301)</u>	<u>3,643</u>	<u>1,037,944</u>
FUND BALANCE - Beginning of year	<u>1,034,301</u>	<u>1,044,321</u>	<u>10,020</u>
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ 1,047,964</u>	<u>\$ 1,047,964</u>