

The North Sterling Irrigation District

Financial Statements

For the Year ended December 31, 2017

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July 17, 2018

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Independent Auditors' Report

Board of Directors
The North Sterling Irrigation District
Sterling, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Sterling Irrigation District (the District), as of and for the year ended December 31, 2017, 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2017, and the respective changes in financial position for the year 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 and budgetary comparison information listed in the table of contents 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 the required supplementary information 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 other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 13, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the North Sterling Irrigation District's (District) annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2017.

FINANCIAL HIGHLIGHTS

- The District remains in good financial condition.
- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of 2017 by \$2,641,209. Of this amount \$591,781 or 22% is unrestricted and may be used to meet the District's ongoing obligations to landowners and creditors.
- During the year, the District's revenue from taxes and other revenues for governmental programs were greater than the expenditures by \$17,157.

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:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

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 activities** 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 reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes.)

The government-wide financial statements of the District are as follows:

- **Governmental activities.** All of the District's basic services are included here, such as the District's Maintenance and Operation of the Reservoir and Associated Facilities, Recharge/Augmentation program, as well as general administration. Lease of recharge water, well fees, and pumping fees finance the Recharge/Augmentation program.

The government-wide financial statements can be found starting on page 8 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. Some funds are required to be established by State law, however, the District's Board has established other funds to help control and manage money for particular purposes or to show that it is properly using certain revenue (General Fund and the Capital Reserve Fund). Both of the funds of the District are governmental funds.

Governmental funds. All of the District’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 10 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 14 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceed liabilities by \$2,641,209 at the close of 2017.

Net Position

Combined net position of the District as of December 31, 2017 is shown in Table 1 below.

**Table 1
NET POSITION**

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 1,320,955	\$ 1,246,266
Capital assets	<u>2,824,138</u>	<u>2,904,754</u>
Total assets	<u>\$ 4,145,093</u>	<u>\$ 4,151,020</u>
Current liabilities	\$ 33,353	\$ 48,233
Long-term liabilities	<u>815,860</u>	<u>864,981</u>
Total liabilities	849,213	913,214
Deferred property tax revenues	654,671	613,754
Net position		
Net investment in capital assets	2,008,278	2,039,773
Restricted for debt service	41,150	34,292
Unrestricted	<u>591,781</u>	<u>549,987</u>
Total net position	<u>2,641,209</u>	<u>2,624,052</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,145,093</u>	<u>\$ 4,151,020</u>

The largest portion of the District's net position, 76% reflect its investment in capital assets. This is a result of the District owning a 74,590 acre-foot reservoir with 130 miles of canal and all associated structures and facilities. 2% represents restricted net position, while the remaining balance, 22%, is unrestricted net position which represents resources that may be used to meet the District's ongoing obligations to its landowners and creditors.

At the end of 2017, the District is able to report positive balances in all categories of net position.

Changes in net position

The District's total revenue of \$942,410 was greater than program expenses of \$925,253 for an increase in net position of \$17,157.

**Table 2
CHANGES IN NET POSITION**

	<u>2017</u>	<u>2016</u>
Program revenues		
Charges for services	\$ 243,971	\$ 91,370
General revenues		
Property taxes	632,404	603,867
Other revenues	55,276	40,190
Investment earnings	4,775	2,756
Sale of assets	<u>5,984</u>	<u>-</u>
 Total revenues	 942,410	 738,183
Program expenses		
Maintenance and operations	588,253	524,584
General and administrative	185,942	185,511
Depreciation and interest	<u>151,058</u>	<u>151,419</u>
 Total expenses	 <u>925,253</u>	 <u>861,514</u>
 Change in net position	 17,157	 (123,331)
 Net position at beginning of year	 <u>2,624,052</u>	 <u>2,747,383</u>
 Net position at end of year	 <u>\$ 2,641,209</u>	 <u>\$ 2,624,052</u>

Governmental Activities

Revenue for the District's governmental activities totaled \$942,410 for 2017. Tax revenue produced 67% of these revenues. Tax revenue includes property taxes, both current and delinquent, as well as interest.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of \$622,612. The general fund and the capital reserve fund reported fund balances of \$2226,12 and \$400,000 respectively.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) exceeded the final budget by \$31,305.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$2,824,138 (net of accumulated depreciation). This amount includes a broad range of capital assets, including land, dam, canals, buildings and improvements, equipment, furniture and fixtures, and transportation equipment.

The District remains committed to the upkeep and maintenance of the District's assets. More detailed information about the District's capital assets is presented in Table 3.

Table 3
CAPITAL ASSETS ON DECEMBER 31, 2017

Land	\$ 50,711
Buildings and improvements	158,360
Irrigation system	2,216,796
Maintenance equipment	235,429
Other equipment	2
Transportation equipment	<u>162,840</u>
Total	<u>\$ 2,824,138</u>

Long-term debt. The District's long-term debt consists of a note agreement with the Colorado Water Conservation Board in the amount of \$815,860 to provide funds for the renovation of the North Sterling Dam and Spillway.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District is in a good financial position. In March of 2017 a voluntary subset of District landowners representing 98.8% of the District land entered into a 10 year water lease agreement with BNN Energy to provide water to the oil and gas industry. This voluntary subset was formed into the Point of Rocks Water Company II LLC (PORWC II) to facilitate the distribution of funds from the lease to the participating landowners. For the use of District Facilities and Staff, PORWC II pays the District 5% of the amount received from the lease while the remainder is disbursed to the landowners. In 2017 the District received \$120,323. BNN Energy anticipates only minimal usage in 2018, however the outlook for use in 2019 is good. It is hoped that lease will economically benefit the farmers of the District and help to keep the District levy down. The District purchased a new D6T Caterpillar Dozer in January of 2018 at a cost of \$351,765 which the District paid for in cash. While the District had sufficient cash in its general fund at the time of the purchase to pay for the dozer, during the course of the year the District will need to withdraw money from its reserve fund to meet financial obligations. The District increased its levy in 2017 from \$15/district acre to \$16/district acre and with these increase, plans to reimburse the reserve fund to offset the dozer purchase. The District again had a carry-over of slightly over \$200,000 into 2018 so the outlook remains good. The District's budget for 2018 is for ordinary maintenance and operation with no major projects expected in the near future.

REQUESTS FOR INFORMATION

This financial report is designed to provide our landowners, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the North Sterling Irrigation District, 112 North 8th Avenue, Sterling, Colorado 80751.

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

THE NORTH STERLING IRRIGATION DISTRICT
Statement of Net Position
December 31, 2017

	<u>Governmental Activities</u>
Assets	
Cash	\$ 213,438
Investments	368,382
Receivables	676,958
Prepaid item	21,027
Restricted investments	41,150
Capital assets, net of depreciation	<u>2,824,138</u>
Total assets	<u>\$ 4,145,093</u>
Liabilities	
Accounts payable	\$ 22,645
Accrued interest payable	10,708
Noncurrent liabilities	
Due within one year	50,226
Due in more than one year	<u>765,634</u>
Total liabilities	849,213
Deferred inflows of resources	
Deferred property tax revenues	<u>654,671</u>
Total deferred inflows of resources	654,671
Net position	
Net investment in capital assets	2,008,278
Restricted for debt service	41,150
Unrestricted	<u>591,781</u>
Total net position	<u>2,641,209</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,145,093</u>

The accompanying notes are an integral part of these financial statements.

THE NORTH STERLING IRRIGATION DISTRICT
Statement of Activities
December 31, 2017

	<u>Governmental Activities</u>
Expenses	
Water conservancy	
Maintenance and operations	\$ 588,253
General and administrative	185,942
Depreciation and amortization	132,241
Interest and fiscal charges	18,817
	<hr/>
Total program expenses	925,253
Revenues	
Program revenues	
Charges for services	243,971
General revenues	
Property taxes	632,404
Investment earnings	4,775
Miscellaneous	55,276
Sale of assets	5,984
	<hr/>
Total general revenues	698,439
	<hr/>
Total revenues	942,410
	<hr/>
Change in net position	17,157
Net position at beginning of year	<hr/>
	2,624,052
Net position at end of year	<hr/> <hr/>
	\$ 2,641,209

The accompanying notes are an integral part of these financial statements.

THE NORTH STERLING IRRIGATION DISTRICT
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Capital Reserve Fund	Total Governmental Funds
Assets			
Cash	\$ 213,438		\$ 213,438
Investments	9,532	\$ 358,850	368,382
Other receivables	22,287		22,287
Property taxes receivable	654,671		654,671
Restricted investments		41,150	41,150
Total assets	\$ 899,928	\$ 400,000	\$ 1,299,928
Liabilities			
Accounts payable	\$ 22,645		\$ 22,645
Total liabilities	22,645	\$ -	22,645
Deferred inflows of resources			
Deferred property tax revenues	654,671		654,671
Total deferred inflows of resources	654,671	-	654,671
Fund balance			
Restricted for debt service		41,150	41,150
Committed to capital needs		358,850	358,850
Unassigned	222,612		222,612
Total fund balance	222,612	400,000	622,612
Total liabilities, deferred inflows of resources and fund balance	\$ 899,928	\$ 400,000	\$ 1,299,928

The accompanying notes are an integral part of these financial statements.

THE NORTH STERLING IRRIGATION DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2017

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 622,612
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	2,824,138
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(815,860)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(10,708)
In the statement of activities, insurance (an operating expense) is measured by the amount incurred during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially, the amount actually paid).	<u>21,027</u>
Net position of the governmental activities	<u>\$ 2,641,209</u>

The accompanying notes are an integral part of these financial statements.

THE NORTH STERLING IRRIGATION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Capital Reserve Fund	Total Governmental Funds
Revenues			
Taxes	\$ 632,404		\$ 632,404
Miscellaneous	299,247		299,247
Earnings on investments	301	\$ 4,474	4,775
Total revenues	931,952	4,474	936,426
Expenditures			
Current			
Maintenance and operations	592,291		592,291
General and administrative	187,251		187,251
Capital outlay	101,775		101,775
Debt service			
Principal	49,121		49,121
Interest and fiscal charges	19,462		19,462
Total expenditures	949,900	-	949,900
Excess of revenues over (under) expenditures	(17,948)	4,474	(13,474)
Other financing sources (uses)			
Sale of assets	60,172		60,172
Transfers in	4,474		4,474
Transfers out		(4,474)	(4,474)
Total other financing sources (uses)	64,646	(4,474)	60,172
Net change in fund balances	46,698	-	46,698
Fund balance at beginning of year	175,914	400,000	575,914
Fund balance at end of year	\$ 222,612	\$ 400,000	\$ 622,612

The accompanying notes are an integral part of these financial statements.

THE NORTH STERLING IRRIGATION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

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

Net change in fund balances - governmental funds	\$ 46,698
Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(26,428)
Repayment of principal on note and capital lease obligations are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	49,121
In the statement of activities, the net gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.	(54,188)
In the statement of activities, certain expenses are measured by the amount incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid).	<u>1,954</u>
Change in net position of governmental activities	<u>\$ 17,157</u>

THE NORTH STERLING IRRIGATION DISTRICT

Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of The North Sterling Irrigation District's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The North Sterling Irrigation District is a special district governed by an elected three-member board. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary or fiduciary funds.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes and augmentation fees. Expenditures include all costs associated with the daily operation of the District.

Capital Reserve Fund – This fund is a special revenue fund used to account for the earnings on investments that the governing body has set aside for future capital needs.

A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds, if applicable.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements (where applicable) but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end. Augmentation fees, which are billed shortly after year-end, may or may not be received within the sixty day period. These fees are expected to be collected within the sixty day period, and thus are recognized as revenues in the current period, even if receipt is delayed.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 - Encumbrances

Encumbrances outstanding at year-end are considered immaterial and thus are not reported as reservations of fund balances.

A.6 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Property taxes

Ad valorem (according to value) property tax revenue is recognized in compliance with National Council on Governmental Accounting (NCGA) Interpretation 3 “Revenue Recognition—Property Taxes.” This interpretation states that property tax revenue is recorded when it becomes available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days.

The District does not accrue revenue from property taxes or other tax sources. These taxes are recorded as revenue at the time of receipt since they are not susceptible to accrual because they are measurable but not available. Property taxes which are measurable but not available, and hence not susceptible to accrual, are recorded as an asset on the balance sheet of the fund entitled to such taxes under the heading “Property Taxes Receivable” with an equal amount of “Deferred Property Tax Revenue” recorded as deferred inflows of resources. This method of reporting the ensuing year’s property taxes is considered preferable in order to disclose property taxes to be received from the adoption of the ensuing year’s budget.

The District’s property taxes, levied by December 1 on assessed valuation as of the preceding January 1, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which payable. The taxes are payable under two methods: 1) in full on or before April 30, 2) one-half on or before February 28 and the remaining one-half on or before June 15.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	10 – 50 years
Irrigation system	75 years
Furniture and fixtures	10 years
Maintenance equipment	10 – 15 years
Transportation equipment	10 years

A.9 – Compensated absences

Annual leave

The District has adopted personnel policies that provide for annual leave for permanent employees based on the following schedule:

1 st year of employment	5 days
2 nd through 4 th year of employment	10 days
5 th year of employment and beyond	12 days

Upon termination of employment with the District, any unused annual leave up to twelve days will be paid to the employee. No liability is shown on the financial statements due to the immateriality of the amounts involved.

Sick leave

Sick leave is earned only by permanent employees at a rate of six days annually. There is no limit as to the number of days an employee may accumulate, but no benefits will be payable to the employee upon termination of employment with the District.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums and discounts and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

A.11 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.12 – 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. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.13 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of directors (the District's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of directors through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note B – Cash and investments (Continued)

mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

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 does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$232,517, which were insured in their entirety.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the District's own investment policies and procedures. Investments of the District may include:

- Obligations of the U.S. Government such as treasury bills, notes and bonds
- Certain international agency securities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Investments with a maturity of more than five years must be authorized by the board of directors.

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of December 31, 2017, the District had invested \$409,532 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note B – Cash and investments (Continued)

At year-end, the District had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-10</u>	<u>11-20</u>
Investment in Colotrust	\$ 409,532	\$ 409,532	\$ -	\$ -

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Receivables</u>
Property taxes receivable	\$ 654,671
Other receivables	<u>22,287</u>
Total	<u>\$ 676,958</u>

Note D – Interfund transactions

The following is a summary of interfund transfers for the year as presented in the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General Fund	\$ 4,474	\$ -
Capital Reserve Fund	<u>-</u>	<u>4,474</u>
Total	<u>\$ 4,474</u>	<u>\$ 4,474</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District annually transfers investment earnings from the Capital Reserve Fund to the General Fund to provide support for maintenance and operations.

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 50,711	\$ -	\$ -	\$ 50,711
Total capital assets, not being depreciated	50,711	-	-	50,711
Capital assets, being depreciated:				
Buildings and improvements	269,882	1,560	-	271,442
Irrigation system	4,369,670	-	-	4,369,670
Furniture and fixtures	9,025	-	-	9,025
Maintenance equipment	769,001	31,225	-	800,226
Other equipment	8,853	-	-	8,853
Transportation equipment	<u>220,744</u>	<u>73,028</u>	<u>(67,570)</u>	<u>226,202</u>
Total capital assets, being depreciated	<u>5,647,175</u>	<u>105,813</u>	<u>(67,570)</u>	<u>5,685,418</u>
Total capital assets	5,697,886	105,813	(67,570)	5,736,129
Less accumulated depreciation for:				
Buildings and improvements	(104,614)	(8,468)	-	(113,082)
Irrigation system	(2,094,612)	(58,262)	-	(2,152,874)
Furniture and fixtures	(9,025)	-	-	(9,025)
Maintenance equipment	(520,189)	(44,608)	-	(564,797)
Other equipment	(8,851)	-	-	(8,851)
Transportation equipment	<u>(55,841)</u>	<u>(20,903)</u>	<u>13,382</u>	<u>(63,362)</u>
Total accumulated depreciation	<u>(2,793,132)</u>	<u>(132,241)</u>	<u>13,382</u>	<u>(2,911,991)</u>
Governmental activities capital assets, net	<u>\$ 2,904,754</u>	<u>\$ (26,428)</u>	<u>\$ (54,188)</u>	<u>\$ 2,824,138</u>

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note F - Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>one year</u>
Governmental activities					
Note payable	\$ 864,981	\$ -	\$ (49,121)	\$ 815,860	\$ 50,226

Note payable

CWCB Note – The District has entered into a \$1,094,840 note agreement with the Colorado Water Conservation Board (CWCB) dated September 3, 2009, due in annual installments of \$68,583. The agreement provides for the disbursement of funds at the District’s request to facilitate the renovation of the North Sterling Dam and Spillway. The note bears interest of 2.25% per annum and is for a period of 20 years. Principal and interest shall be payable in equal loan payments, with the first payment due and payable one year from the payment initiation date (the date the CWCB determines that the project is substantially complete), and annually thereafter. The project was complete in 2011, with the first annual payment submitted in 2012.

The note agreement requires the District to establish and maintain a debt service reserve account, with a deposit being required in an amount equal to one-tenth of an annual payment on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment of this note. Currently, \$41,150 has been included in “restricted investments” on the statement of net position.

The following schedule represents the District’s debt service requirements to maturity for the outstanding note payable at year-end:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 50,226	\$ 18,357	\$ 68,583
2019	51,356	17,227	68,583
2020	52,512	16,071	68,583
2021	53,693	14,890	68,583
2022	54,902	13,681	68,583
2023-2027	293,602	49,313	342,915
2028-2031	<u>259,569</u>	<u>14,763</u>	<u>274,332</u>
Total	<u>\$ 815,860</u>	<u>\$ 144,302</u>	<u>\$ 960,162</u>

THE NORTH STERLING IRRIGATION DISTRICT
Notes to Financial Statements

Note G – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note H – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and local growth. Revenue received in excess of the limitation may be required to be refunded unless the District voters decide to allow the District to retain the revenue. The District may be subject to the provisions of the TABOR Amendment. TABOR is complex and subject to judicial interpretation. The District considers itself to be a water activity enterprise and, in accordance with Colorado Revised Statutes 37-45.1-103, is excluded from the provisions of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

Colorado Budget Law

Expenditures in the General Fund and Capital Reserve Fund exceeded appropriations by \$31,305 and \$3,974, respectively, which may be in violation of Colorado Local Government Budget Laws.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Capital Reserve Fund

THE NORTH STERLING IRRIGATION DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 615,254	\$ 615,254	\$ 632,404	\$ 17,150
Miscellaneous	90,888	90,888	299,548	208,660
Total revenues	706,142	706,142	931,952	225,810
Expenditures				
Current				
Maintenance and operations	597,474	597,474	592,291	5,183
General and administrative	163,538	163,538	187,251	(23,713)
Capital outlay	89,000	89,000	101,775	(12,775)
Debt service				
Principal	49,121	49,121	49,121	-
Interest and fiscal charges	19,462	19,462	19,462	-
Total expenditures	918,595	918,595	949,900	(31,305)
Excess of revenues over (under) expenditures	(212,453)	(212,453)	(17,948)	194,505
Other financing sources				
Sale of assets	50,000	50,000	60,172	10,172
Transfers in			4,474	4,474
Total other financing sources	50,000	50,000	64,646	14,646
Net change in fund balance	\$ (162,453)	\$ (162,453)	46,698	\$ 209,151
Fund balance at beginning of year			175,914	
Fund balance at end of year			\$ 222,612	

THE NORTH STERLING IRRIGATION DISTRICT
Capital Reserve Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 500	\$ 500	\$ 4,474	\$ 3,974
Expenditures				
Contingency reserve				-
Excess of revenues over expenditures	500	500	4,474	3,974
Other financing uses				
Transfers out	(500)	(500)	(4,474)	(3,974)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			400,000	
Fund balance at end of year			\$ 400,000	

THE NORTH STERLING IRRIGATION DISTRICT
Notes to the Required Supplementary Information

Note A – Budgetary data

Annual budgets are adopted as required by Colorado Statutes. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budget amounts included in the financial statements are based on the final amended budget. After initial budget approval, the District's board of directors may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted. Expenditures may not legally exceed appropriations as adopted by resolution at the fund level.

On or before October 15, the executive director submits the proposed budget to the board of directors. A proposed budget is made available for public inspection, and public hearings are conducted to obtain taxpayer comments. Prior to December 15, the District must adopt the budget by formal resolution and certify the mill levies to the County Commissioners. On or before December 31, the District must enact a resolution making appropriations for the following calendar year.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- General Fund – Budgetary Comparison Schedules of Revenues and Expenditures

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General Fund

General Fund – The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property taxes and augmentation fees. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements. It is adopted for the specified time period of January 1 to December 31, and all revenues and expenditures for the General Fund must be completed within the budget year.

THE NORTH STERLING IRRIGATION DISTRICT
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 613,754	\$ 613,754	\$ 613,755	\$ 1
Delinquent taxes and interest	1,500	1,500	18,649	17,149
Total taxes	615,254	615,254	632,404	17,150
Miscellaneous				
Earnings on investments	1,688	1,688	301	(1,387)
Pasture and house leases	5,700	5,700	13,560	7,860
Sale of recharge water	10,000	10,000	32,790	22,790
Augmentation fees	10,000	10,000	13,628	3,628
Point of rocks payment	63,000	63,000	63,670	670
Point of rocks II payment			120,323	120,323
Insurance proceeds			24,196	24,196
Reimbursements			29,300	29,300
Miscellaneous	500	500	1,780	1,280
Total miscellaneous	90,888	90,888	299,548	208,660
Sale of assets	50,000	50,000	60,172	10,172
Transfers in			4,474	4,474
Total revenues	\$ 756,142	\$ 756,142	\$ 996,598	\$ 240,456

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THE NORTH STERLING IRRIGATION DISTRICT
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Maintenance and operations				
Salaries	\$ 269,594	\$ 269,594	\$ 270,751	\$ (1,157)
Mileage	600	600		600
Telephone	7,200	7,200	7,174	26
Utilities	5,100	5,100	5,287	(187)
Petroleum products	50,934	50,934	42,242	8,692
Equipment repairs	27,200	27,200	26,088	1,112
Building materials	22,872	22,872	32,633	(9,761)
Construction supplies	15,000	15,000	19,329	(4,329)
Major improvements			29,336	(29,336)
Weed and moss chemicals	133,000	133,000	153,689	(20,689)
Water control devices	7,908	7,908	753	7,155
Hardware and tools	2,500	2,500	1,692	808
Equipment hire	3,800	3,800	1,256	2,544
Miscellaneous	2,000	2,000		2,000
Recharge activities			2,061	(2,061)
Contingency reserve	49,766	49,766		49,766
Total maintenance and operations	597,474	597,474	592,291	5,183
General and administrative				
Director's salary and expenses	5,940	5,940	7,305	(1,365)
County treasurer's fees	100	100	100	-
Bond of secretary	100	100	200	(100)
Supplies			3,061	(3,061)
Salary of secretary	4,944	4,944	4,800	144
Salary of office help	17,922	17,922	17,875	47
Food and lodging	2,400	2,400	1,634	766
Office expense	9,380	9,380	2,767	6,613
Election expense	450	450	63	387
Audit fees	3,200	3,200	3,200	-
Attorney fees	5,000	5,000	388	4,612
Engineering fees	3,000	3,000		3,000
Lobbyist			35,000	(35,000)
Compensation insurance	10,282	10,282	16,290	(6,008)
Building and content insurance	2,741	2,741	2,846	(105)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Maintenance equipment insurance	4,022	4,022	2,698	1,324
Vehicle insurance	7,709	7,709	9,270	(1,561)
General liability insurance	18,190	18,190	16,727	1,463
Director's liability insurance	1,741	1,741	1,743	(2)
Health insurance	25,516	25,516	22,960	2,556
Payroll taxes	23,092	23,092	23,577	(485)
Employee benefits	5,809	5,809	5,582	227
Miscellaneous	12,000	12,000	9,165	2,835
Total general and administrative	163,538	163,538	187,251	(23,713)
Capital outlay	89,000	89,000	101,775	(12,775)
Debt service				
Principal	49,121	49,121	49,121	-
Interest and fiscal charges	19,462	19,462	19,462	-
Total debt service	68,583	68,583	68,583	-
Total expenditures	\$ 918,595	\$ 918,595	\$ 949,900	\$ (31,305)