

**Dillon Valley District
Dillon, Colorado**

**Financial Statements
December 31, 2019**

**Dillon Valley District
Financial Statements
December 31, 2019**

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 – B4
Basic Financial Statements:	
Statement of Net Position	C1
Statement of Revenues, Expenses and Changes in Fund Net Position	C2
Statement of Cash Flows	C3
Notes to the Financial Statements	D1 – D11
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Net Position - Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis	E1 – E2
Schedules of Water and Sewer Functions:	
Estimated Allocation of Assets, Liabilities, and Net Position	E3
Estimated Allocation of Revenues, Expenses, and Net Position	E4
Historical Schedule of Capacity in the Joint Sewer Authority	E5



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Dillon Valley District

We have audited the accompanying financial statements of the Dillon Valley District (the "District"), as of and for the year ended December 31, 2019, as listed in the table of contents, and the related notes to the financial statements.

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 of 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 financial position of the Dillon Valley District as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 Management's Discussion and Analysis in Section B 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary comparison information on pages E1 and E2 and the schedules of water and sewer functions on pages E3 and E4 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparison and the schedules of water and sewer functions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The historical schedule of capacity in the Joint Sewer Authority on page E5 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
October 26, 2020**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dillon Valley District

Management's Discussion and Analysis
December 31, 2019

We, the financial managers of the Dillon Valley District (the "District"), offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2019.

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 two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

Financial Statements: The financial statements are designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The Statement of Net Position presents information on all the District's assets and liabilities (both short-term and long-term), 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 Fund Net Position shows how the government's net position changed during the most recent fiscal year by listing the revenues earned and expenses incurred. Revenues and expenses are recorded on the accrual basis. 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., incurred but unpaid interest expense).

The Statement of Cash Flows shows the District's sources of cash inflows and outflows during the most recent fiscal year. Cash flows are categorized among operating, non-capital financing, capital and related financing and investing activities and unlike items reported in the Statement of Revenues, Expenses and Changes in Fund Net Position, these amounts are reported on the cash basis of accounting.

The business-type activity of the District relates to water and sewer services. There are currently no governmental-type activities occurring at the District.

The District's basic financial statements can be found in Section C of this report.

Proprietary Fund: The District maintains a proprietary fund commonly known as an enterprise fund. Enterprise funds are used to report business-type activities. The District uses an enterprise fund to account for its water and sewer services.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report includes supplementary information. The Schedule of Revenues, Expenditures and Changes in Fund Net Position – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis provides a detailed comparison of the District's actual revenues and expenditures to budgeted amounts. As the District's budget was adopted in a manner that is not consistent with Generally Accepted Accounting Principles ("GAAP"), this schedule is presented on a non-GAAP basis and is reconciled to GAAP basis. Supplementary information can be found in Section E of this report.

Financial Analysis of the District

The following table shows the District's assets, liabilities, and net position at the end of 2019 and 2018:

Dillon Valley District's Net Position

	<u>2019</u>	<u>2018</u>
Assets:		
Current and other assets	\$ 1,458,941	\$ 1,347,735
Capital assets	4,968,427	5,304,866
Total Assets	<u>6,427,368</u>	<u>6,652,601</u>
Liabilities:		
Current liabilities	208,562	252,226
Non-current liabilities	2,809,966	2,989,671
Total Liabilities	<u>3,018,528</u>	<u>3,241,897</u>
Net Position:		
Net investment in capital assets	1,978,747	2,141,969
Restricted for debt service	350,000	350,000
Unrestricted	1,080,093	918,735
Total Net Position	<u>\$ 3,408,840</u>	<u>\$ 3,410,704</u>

In 2019, the District's net position decreased by \$1,864 . This decrease was mostly the result of increased water and sewer fees offset by increased expenses related to water and sewer line repairs and maintenance during the year.

Traditionally, the largest portion of the District's net position is its investment in capital assets used to deliver or provide services to its residents and visitors, less any related debt. The District's capital assets include land, raw water diversion facilities, drinking water treatment facilities, drinking water distribution systems, sewer collection systems, equipment, and part ownership of a sewage treatment plant. The District is involved in a joint venture with other districts and municipalities for a sewer treatment facility. This joint venture is described on page D8 in the Notes to the Financial Statements. The District's net investment in capital assets accounted for approximately 58% of its total net position at the end of 2019. This category of net position, along with the \$350,000 reserved for debt service, is not available for future spending. This results in an unrestricted net position balance of \$1,080,093 .

(Remainder of page intentionally left blank)

Financial Analysis of the District (continued):

The following table summarizes information relating to the District's Statement of Revenues, Expenses and Changes in Fund Net Position:

Dillon Valley District's Change in Net Position

	<u>2019</u>	<u>2018</u>
Revenues:		
Sewer fees	\$ 515,080	\$ 493,553
Water fees	807,343	770,092
Other operating	13,094	14,064
Interest revenue	298	282
Gain (loss) on investment in JSA	13,610	14,529
Tap fees	26,400	38,330
Total Revenues	<u>1,375,825</u>	<u>1,330,850</u>
Expenses:		
Administration	115,486	115,314
Wastewater	435,506	416,933
Water treatment	698,654	633,299
Water distribution	8,907	-
Interest expense	119,136	125,711
Total Expenses	<u>1,377,689</u>	<u>1,291,257</u>
Change in Net Position	(1,864)	39,593
Net Position - Beginning of Year	<u>3,410,704</u>	<u>3,371,111</u>
Net Position - End of Year	<u>\$ 3,408,840</u>	<u>\$ 3,410,704</u>

Revenues increased \$44,975 during the past fiscal year. Most of the increase was due to an increase in water and sewer fees during 2019.

Sewer and water fees were the most significant sources of revenue in 2019, accounting for 37% and 59% of operating revenues, respectively. In 2018, sewer fees accounted for 37% of operating revenues and water fees represented 58% of operating revenues.

When compared to 2018, District expenses increased by \$86,432 in fiscal year 2019. This is primarily due to increased expenses related to water and sewer line repairs and maintenance during the year.

Water treatment expenses comprised the highest percentage of the District's costs at 51% (49% in 2018). Administration costs, which include insurance, legal and accounting fees, contract administrative and water plant costs, and miscellaneous expenses, represented 8% of total District expenses (9% in 2018). Wastewater expenses accounted for 32% of 2019 expenses (32% in 2018).

Capital Asset and Debt Administration

Capital Assets: The District's capital assets decreased by \$336,439 during 2019, as capital asset additions were \$7,710 and depreciation expense was \$344,149 .

Additional information, as well as a detailed classification of the District's capital assets, can be found in the Notes to the Financial Statements on page D7.

Long Term Debt: During 2019, the District paid \$173,217 in principal on its Enterprise Revenue Bonds, Series 2012, reducing the balance due on the bonds from \$3,162,897 to \$2,989,680 .

Additional information on long term debt can be found on page D7.

Next Year's Budget and Rates

The 2020 budget anticipates revenues of \$1,392,849 and expenditures of \$1,489,944. The District plans to use beginning reserves to cover the deficit. 2020 water fees are based on metered usage.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Deborah Polich, District Administrator, Dillon Valley District, P.O. Box 3428, Dillon, CO 80435.

BASIC FINANCIAL STATEMENTS

Dillon Valley District
Statement of Net Position
December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
Assets:		
Current Assets:		
Cash and cash equivalents	346,182	239,168
Restricted cash	350,000	350,000
Accounts receivable, net	343,855	333,987
Prepaid expenses	-	19,286
Total Current Assets	1,040,037	942,441
Non-current Assets:		
Investment in Joint Sewer Authority	418,904	405,294
Capital assets:		
Non-depreciable	322,318	319,625
Depreciable, net	4,646,109	4,985,241
Total Non-current Assets	5,387,331	5,710,160
Total Assets	6,427,368	6,652,601
Liabilities:		
Current Liabilities:		
Accounts payable	27,790	58,864
Retainage payable	-	18,150
Unearned revenue	1,058	1,986
Current portion long-term debt	179,714	173,226
Total Current Liabilities	208,562	252,226
Non-current Liabilities:		
Bonds payable - net of current portion	2,809,966	2,989,671
Total Non-current Liabilities	2,809,966	2,989,671
Total Liabilities	3,018,528	3,241,897
Net Position:		
Net investment in capital assets	1,978,747	2,141,969
Restricted for debt service	350,000	350,000
Unrestricted	1,080,093	918,735
Total Net Position	3,408,840	3,410,704

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

Dillon Valley District
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Sewer fees	515,080	493,553
Water fees	807,343	770,092
Penalties	3,494	4,264
Rent income	9,600	9,600
Other income	-	200
Total Operating Revenues	<u>1,335,517</u>	<u>1,277,709</u>
Operating Expenses:		
Administration	115,486	115,314
Wastewater	435,506	416,933
Water treatment	698,654	633,299
Water distribution	8,907	-
Total Operating Expenses	<u>1,258,553</u>	<u>1,165,546</u>
Operating Income (Loss)	<u>76,964</u>	<u>112,163</u>
Non-operating Revenues (Expenses):		
Interest revenue	298	282
Interest expense	(119,136)	(125,711)
Gain (loss) on investment in Joint Sewer Authority	13,610	14,529
Total Non-operating Revenues (Expenses)	<u>(105,228)</u>	<u>(110,900)</u>
Income Before Capital Contributions	(28,264)	1,263
Capital Contributions - Tap Fees	<u>26,400</u>	<u>38,330</u>
Change in Net Position	(1,864)	39,593
Total Net Position - Beginning	<u>3,410,704</u>	<u>3,371,111</u>
Total Net Position - Ending	<u><u>3,408,840</u></u>	<u><u>3,410,704</u></u>

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

Dillon Valley District
Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Cash received from customers	1,315,121	1,235,900
Other cash receipts	9,600	9,800
Cash paid for goods and services	(944,342)	(822,543)
Net Cash Provided by Operating Activities	<u>380,379</u>	<u>423,157</u>
Cash Flows from Capital and Related Financing Activities:		
Tap fees received	26,400	38,330
Cash paid for interest on bonds	(119,136)	(125,711)
Cash paid for principal on bonds	(173,218)	(166,642)
Cash paid for construction and acquisition of capital assets	(7,710)	(380,662)
Net Cash (Used) by Capital and Related Financing Activities	<u>(273,664)</u>	<u>(634,685)</u>
Cash Flows from Investing Activities:		
Interest received	299	282
Net Cash Provided by Investing Activities	<u>299</u>	<u>282</u>
Net Change in Cash	107,014	(211,246)
Cash and Cash Equivalents - Beginning	<u>589,168</u>	<u>800,414</u>
Cash and Cash Equivalents - Ending	<u><u>696,182</u></u>	<u><u>589,168</u></u>
Financial Statement Captions:		
Cash and cash equivalents	346,182	239,168
Restricted cash	350,000	350,000
Cash and Cash Equivalents - Ending	<u><u>696,182</u></u>	<u><u>589,168</u></u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:		
Operating (loss)	<u>76,964</u>	<u>112,163</u>
Adjustments:		
Depreciation	344,149	353,474
(Increase) decrease in accounts receivable	(9,868)	(32,855)
(Increase) decrease in prepaid expenses	19,284	(849)
Increase (decrease) in accounts payable	(31,072)	(26,056)
Increase (decrease) in retainage payable	(18,150)	16,433
Increase (decrease) in unearned revenue	(928)	847
Total Adjustments	<u>303,415</u>	<u>310,994</u>
Net Cash Provided by Operating Activities	<u><u>380,379</u></u>	<u><u>423,157</u></u>
Non-cash Non-capital and Financing Activities:		
Gain (loss) on investment in Joint Sewer Authority	<u>13,610</u>	<u>14,529</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Dillon Valley District
Notes to the Financial Statements
December 31, 2019

I. Summary of Significant Accounting Policies

Dillon Valley District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District, comprising a section of Summit County, Colorado, was established to provide water and sewer services within its boundaries.

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

A. Reporting Entity

The District is governed by an elected Board, which is responsible for setting policy, engaging administrative contractors and adopting an annual budget in accordance with the provisions of the Colorado Special District Act. The reporting entity consists of (a) the primary government (i.e., the District), and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The District is not financially accountable for any other entity based on the above criteria nor is the District a component unit of any other entity.

B. Fund Accounting

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

The District uses a proprietary fund-type, an enterprise fund, to account for its activities, providing wastewater treatment and water services to taxpayers within the District's boundaries. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Dillon Valley District
Notes to the Financial Statements
December 31, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

1. Long-term Economic Focus and Accrual Basis

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Financial Statement Presentation

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligation and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

Dillon Valley District
Notes to the Financial Statements
December 31, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the District considers all accounts to be collectible.

3. Capital Assets

Capital assets, which include land, water rights, a water plant and distribution systems and related improvements and equipment, and sewer collection systems and related improvements and equipment, are reported in the financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed.

Capital assets, except land and water rights, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Water plant and distribution systems	10-35
Collection and distribution systems	15-35

4. Use of Estimates

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

5. Restricted Assets

When both restricted and unrestricted assets are available for expenditure, it is the District's policy to first use restricted assets and then use unrestricted assets as necessary.

**Dillon Valley District
Notes to the Financial Statements
December 31, 2019
(Continued)**

II. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law.

The budget for the proprietary fund is adopted on a non-GAAP basis and is reconciled to GAAP as follows:

Change in Net Position - Non-GAAP Basis	\$	147,746
Adjustments to GAAP Basis:		
(Loss) on investment in Joint Sewer Authority		13,610
Depreciation		(344,149)
Capitalized assets		7,711
Debt principal payments		173,218
Total Adjustments		<u>(149,610)</u>
Change in Net Position - GAAP Basis	\$	<u>(1,864)</u>

Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2019:

- (1) For the 2019 budget, prior to August 25, 2018, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2018 only once by a single notification to the District.
- (2) On or before October 15, 2018, the District's management submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes, if applicable, needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2019 budget, prior to December 15, 2018, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes, if applicable, as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (c) approve emergency appropriations; and (d) reduce appropriations for which originally estimated revenues are insufficient.

**Dillon Valley District
Notes to the Financial Statements
December 31, 2019
(Continued)**

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR exempts an entity from its requirements if the entity qualifies as a TABOR defined enterprise. Based on TABOR's definition, the District believes it qualifies as an enterprise and is therefore exempt from TABOR.

III. Detailed Notes on the Fund

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. There were no investment requiring disclosure of the fair value hierarchy.

The carrying amounts of the District's demand deposits were \$696,182 at December 31, 2019, and are summarized below:

	Standard & Poor's Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Deposits:</i>				
Checking	Not rated	\$ 120,471	120,471	-
Savings	Not rated	219,375	219,375	-
Debt reserve saving	Not rated	350,836	350,836	-
<i>Investments:</i>				
Colotrust	AAAm	5,500	5,500	-
Total		\$ 696,182	696,182	-

The investment pool represents an investment in the Colorado Government Liquid Asset Trust ("COLOTRUST") which is a 2a7-like pool. The investment is measured at the net asset value, and the fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Dillon Valley District
Notes to the Financial Statements
December 31, 2019
(Continued)

III. Detailed Notes on the Fund (continued)

A. Deposits and Investments (continued)

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities, the District has limited its interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, congressionally authorized mortgage lenders and investments that are federally guaranteed.

Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. Colorado's PDPA requirement noted above mitigates concentration of credit risk.

Restricted Cash. The District has restricted cash of \$350,000 for debt service reserve requirement pertaining to the 2012 Enterprise Revenue Bonds. See Note III.C

(Remainder of page intentionally left blank)

Dillon Valley District
Notes to the Financial Statements
December 31, 2019
(Continued)

III. Detailed Notes on the Fund (continued)

B. Capital Assets

Capital asset activity for 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 91,350	-	-	91,350
Water rights	228,275	2,693	-	230,968
Total capital assets, not being depreciated	<u>319,625</u>	<u>2,693</u>	<u>-</u>	<u>322,318</u>
Capital assets, being depreciated:				
Water plant and distribution system	7,325,701	5,017	-	7,330,718
Sewer collection system	2,128,004	-	-	2,128,004
Total capital assets, being depreciated	<u>9,453,705</u>	<u>5,017</u>	<u>-</u>	<u>9,458,722</u>
Less accumulated depreciation for:				
Water plant and distribution system	(3,243,632)	(248,116)	-	(3,491,748)
Sewer collection system	(1,224,832)	(96,033)	-	(1,320,865)
Total accumulated depreciation	<u>(4,468,464)</u>	<u>(344,149)</u>	<u>-</u>	<u>(4,812,613)</u>
Total capital assets, being depreciated, net	<u>4,985,241</u>	<u>(339,132)</u>	<u>-</u>	<u>4,646,109</u>
Total Capital Assets, Net	<u><u>\$ 5,304,866</u></u>	<u><u>(336,439)</u></u>	<u><u>-</u></u>	<u><u>4,968,427</u></u>

C. Long Term Debt – \$3,865,000 Enterprise Revenue Bonds, Series 2012

On June 29, 2012, the District issued Enterprise Revenue Bonds, Series 2012 in the principal amount not to exceed \$3,865,000 to construct a water treatment plant and install water metering throughout the District's boundaries. Interest is payable monthly at 3.81% of the principal balance outstanding through December 15, 2013. Payments of \$24,362.74 are payable monthly from January 15, 2014 to May 15, 2032, which will include interest at 3.81% with the remaining payment applied to principal.

On March 20, 2014, an amendment was issued to extend the draws of bond proceeds from December 31, 2013 to June 30, 2014. Principal payments were also extended to begin July 15, 2014.

The bond agreement requires a debt service reserve of \$350,000, and shall not exceed the lesser of (1) 125% of the average annual debt service requirement on the principal outstanding; (2) 10% of the proceeds of the bonds or; (3) the maximum debt service requirement on the bonds during any fiscal year.

**Dillon Valley District
Notes to the Financial Statements
December 31, 2019
(Continued)**

III. Detailed Notes on the Fund (continued)

C. Long Term Debt – \$3,865,000 Enterprise Revenue Bonds, Series 2012 (continued)

The District may prepay the bonds with a prepayment fee in the first year of 3% of the amount prepaid; in the second year, a prepayment fee of 2% of the amount prepaid; in the third year, a prepayment fee of 1% of the amount prepaid; and no prepayment fee for amounts prepaid in year four until the maturity date.

As of December 31, 2019, the District had drawn \$3,865,000 of bond proceeds and paid \$875,320 of principal since the inception of the loan.

An estimated schedule of debt service to maturity is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	179,714	112,638	292,352
2021	187,104	105,249	292,353
2022	194,461	97,892	292,353
2023	202,107	90,246	292,353
2024	209,815	82,537	292,352
2025 - 2029	1,180,655	281,110	1,461,765
2030 - 2032	835,824	51,281	887,105
	<u>2,989,680</u>	<u>820,953</u>	<u>3,810,633</u>

A schedule of changes in long term debt is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2012 Enterprise Revenue Bonds	\$ 3,162,897	-	(173,217)	2,989,680	179,714

IV. Other Information

A. Silverthorne Dillon Joint Sewer Authority (“JSA”)

The JSA was formed in 1970 to provide sewage collection and treatment facilities for the central basin of Summit County, Colorado. JSA has participation contracts with the District, the Buffalo Mountain Metropolitan District, and the Mesa Cortina Water and Sanitation District. The JSA is governed by a board comprised of two members from each of the towns of Silverthorne and Dillon and one member from each of the contracting parties.

The following is a summary of the District’s investment in the JSA as of year-end:

Fund equity at December 31, 2019	\$ 15,457,713
Dillon Valley District ownership percentage	2.71%
Net investment at December 31, 2019	<u>\$ 418,904</u>

Dillon Valley District
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Other Information (continued)

A. Silverthorne Dillon Joint Sewer Authority (“JSA”) (continued)

The investment in the JSA is evidenced by the capacity that the District owns in the treatment facility. There are two types of capacity: 1) reserved capacity is the right to own a certain number of single family equivalents (SFEs) when the plant is built out to the planned maximum and, 2) constructed capacity, which is that portion of the reserved capacity that is available for use.

A historical summary of the District’s ownership capacity in the Treatment Plant, Joint Interceptor, and East Bank Interceptor through December 31, 2019 is presented on page E5.

Operating costs are determined quarterly based on the District’s capacity in use at the end of the previous quarter times a rate determined annually when the JSA prepares its budget. The District’s share of 2019 JSA costs totaled \$291,953.

On July 1, 2012, the District entered into the First Amendment to the Revised Intergovernmental Agreement for the Joint Sewer Authority (the “Amendment”). Under the Amendment, the JSA participants have reallocated the capacity rights to amend imbalances between such rights and the needs of the participants.

The Amendment also allows the participants to waive some of the Excess Capital I&I compensation payments required by the Revised Intergovernmental Agreement upon receipt by the JSA of reasonable evidence that participants have spent at least the amount of such Excess Capital I&I compensation payments toward eliminating the Excess Capital I&I and Excess Operating I&I by a certain date, as set forth in more detail in the Amendment.

The Amendment sets forth the correction of system imbalances and waivers of I&I compensation payments in the context of the Paper Expansion expected January 1, 2012, under which participants may receive a capital payment calculated by the application of a formula in Exhibit B of the Revised Intergovernmental Agreement.

There are separately issued financial statements for the JSA as of and for the year ended December 31, 2019.

B. Inter-Governmental Agreements

1. Town of Silverthorne

The District entered into an Inter-Governmental Agreement with the Town of Silverthorne (“Silverthorne”) on June 27, 2018 to allow for receipts of potable water from Town of Silverthorne on a limited, temporary basis, in the event of an emergency. The term of this agreement shall be for five years from the effective date and shall automatically renew for successive 5-year terms unless either party provides written notice of termination to the other party at least 24 months prior to a renewal. For water delivered pursuant to this Agreement, Silverthorne will bill the District based on the volume of water delivered to the District at a rate of one and a half (1½) times Silverthorne’s second most expensive domestic pricing tier in effect at the time of the emergency delivery.

Dillon Valley District
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Other Information (continued)

B. Inter-Governmental Agreements (continued)

2. Town of Dillon

The District entered into an Inter-Governmental Agreement with the Town of Dillon (“Dillon”) on May 1, 2002 to deliver treated water to the District (or for the District to deliver treated water to Dillon) promptly after the affected local government certifies that it is unable to produce from its own facilities and rights sufficient water supplies, that such delivery is necessary for the public health and benefit of its residents and visitors, and is required for emergency conditions. Dillon and the District shall share equally the responsibility and cost for maintaining the permanent interconnection facilities necessary to convey the water to the delivered to each of them. The rates charged for water produced and delivered under this agreement shall be one and one half (1½) times the rate for domestic water charged by producing government for customers within its boundaries. This agreement is perpetual, and shall continue in effect until modified by mutual written agreement of Dillon and the District (the “Parties”).

The District entered into an Amended and Restated Inter-Governmental Agreement with the Town of Dillon on June 4, 2019 to design, purchase and complete installation of a pump on or before three years from the date of this Agreement. Dillon will act as the lead agency for the Parties, including project management, during the pump installation. The Parties agree to limit the engineering design costs to no more than \$25,000 and to share those engineering costs equally (50/50) up to that limit, unless it is mutually agreed to increase the design cost. After both Parties have agreed to the improvements proposed in the engineering design, the Parties agree to move forward with the improvements and will equally share (50/50) all project design costs and expenses for design, purchase, and installation of the pump, including project management.

For water produced and delivered under this Amended Agreement, the Producing Party will bill the Receiving Party based on volume of water delivered at a rate equal to Dillon’s third-tier rate in effect at the time of delivery, currently \$8.37 per 1,000 gallons (with a maximum rate increase of 2% per year after the date of the Agreement). In the event that the Producing Party incurs additional unanticipated expenses due to the delivery of water to the Receiving Party in excess of the rate set forth above, the Producing Party may bill for additional costs. In lieu of billing for the delivery of water, the Producing Party may request that the other Party deliver an equal amount of water to the Producing Party at an agreed upon future time.

Per the Amended Agreement, the Parties have jointly funded and constructed the Silverthorne/Dillon Interconnect and will equally share the cost to maintain the Silverthorne/Dillon Interconnect. Silverthorne, Dillon or the District can be the Receiving Party or the Producing Party at any time under this Agreement. Section 2 of the Agreement defines the respective rights and obligations of the Parties to each other when they are taking delivery of water from Silverthorne through the Silverthorne/Dillon Interconnect.

Dillon Valley District
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Other Information (continued)

B. Inter-Governmental Agreements (continued)

2. Town of Dillon (continued)

Dillon will send quarterly bills to the District for the District's portion of the costs of maintaining and operating the Dillon/DVD Interconnect and the Silverthorne/Dillon Interconnect. In the event that either Party delivers water to the other Party at the Dillon/DVD Interconnect, the Producing Party will send invoices to the Receiving Party on a monthly basis or following the conclusion of the temporary delivery of water.

C. Management Agreements

1. Water Solutions

The District has an agreement with Water Solutions, Inc. to provide general operation and maintenance of the water plant for the District. The District paid \$185,709 to Water Solutions, Inc. for these services during 2019.

2. Xprt Administration Services, LLC

The District entered an agreement effective January 1, 2017, with Xprt Administration Services, LLC. to provide administrative and financial management of all aspects of the District. In 2019, the District incurred expenses of \$54,000 for these services.

D. Risk Management

The District is exposed to various risks of loss related to general liability; torts; theft of, damage to, and destruction of assets; and errors and omissions. The District's management has acquired commercial insurance coverage for these risks and does not expect claims to exceed their coverage. There have been no reductions in coverage from 2018 to 2019 and settlements have not exceeded coverage during the past three years.

E. Subsequent Event

The spread of COVID-19 may have operational, economic and financial impacts on the District. The significance and duration of the potential impacts cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

Dillon Valley District
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for 2018)

	2019		Variance Favorable (Unfavorable)	2018
	Original and Final Budget	Actual		Actual
Revenues:				
Sewer fees	513,923	515,080	1,157	493,553
Water fees	795,000	807,343	12,343	770,091
Penalties	2,000	3,494	1,494	4,264
Tap fees	-	26,400	26,400	38,330
Interest	200	298	98	282
Rent income	9,600	9,600	-	9,600
Other income	-	-	-	200
Total Revenues	1,320,723	1,362,215	41,492	1,316,320
Expenditures:				
Administration:				
Directors' expenses	6,000	5,000	1,000	5,300
Insurance	21,000	19,660	1,340	18,755
Telephone	2,600	2,692	(92)	2,553
Legal service	15,000	10,026	4,974	17,211
Audit	7,000	6,550	450	6,350
Dues and subscriptions	1,500	1,864	(364)	1,366
Office supplies	2,750	1,987	763	2,073
Miscellaneous	4,000	6,558	(2,558)	2,881
Contract services	54,000	54,000	-	52,800
Banking fees	5,600	6,849	(1,249)	5,746
Other expense	360	300	60	278
Total Administration	119,810	115,486	4,324	115,313
Wastewater:				
Sewage treatment fees	307,741	310,524	(2,783)	298,779
Sewer lines - Repair and maintenance	35,000	28,949	6,051	18,006
Total Wastewater	342,741	339,473	3,268	316,785
Water Treatment:				
Utilities	38,000	35,797	2,203	36,310
Operating expenses	168,389	167,706	683	163,300
Chemicals	48,000	38,950	9,050	40,970
Water plant - Repairs and maintenance	56,000	56,875	(875)	51,037
Water line breaks - repairs	60,000	151,210	(91,210)	88,356
Total Water Treatment	370,389	450,538	(80,149)	379,973

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

Dillon Valley District
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for 2018)
(Continued)

	<u>2019</u>		<u>Variance Favorable (Unfavorable)</u>	<u>2018</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures (continued):				
Water Distribution:				
Water line - Repairs and maintenance	20,000	8,907	11,093	-
Total Water Distribution	<u>20,000</u>	<u>8,907</u>	<u>11,093</u>	<u>-</u>
Debt Service:				
Debt principal payments	174,962	173,218	1,744	166,642
Interest expense	117,391	119,136	(1,745)	125,711
Total Debt Service	<u>292,353</u>	<u>292,354</u>	<u>(1)</u>	<u>292,353</u>
Capital Outlay:				
Water plant and equipment	120,000	5,017	114,983	16,255
Other repairs and capital projects	70,000	2,694	67,306	364,407
Total Capital Outlay	<u>190,000</u>	<u>7,711</u>	<u>182,289</u>	<u>380,662</u>
Total Expenditures	<u>1,335,293</u>	<u>1,214,469</u>	<u>120,824</u>	<u>1,485,086</u>
Change in Net Position - Non-GAAP Basis	<u>(14,570)</u>	147,746	<u>162,316</u>	(168,766)
Adjustments to GAAP Basis:				
Gain (loss) on investment in Joint Sewer Authority		13,610		14,529
Depreciation		(344,149)		(353,474)
Capitalized assets		7,711		380,662
Debt principal payments		173,218		166,642
Total Adjustments		<u>(149,610)</u>		<u>208,359</u>
Change in Net Position - GAAP Basis		<u>(1,864)</u>		<u>39,593</u>

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

Dillon Valley District
Schedule of Water and Sewer Functions
Estimated Allocation of Assets, Liabilities, and Net Position
December 31, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Assets:			
Current Assets:			
Cash and cash equivalents	346,182	-	346,182
Restricted cash	170,993	179,007	350,000
Accounts receivable, net	171,927	171,928	343,855
Total Current Assets	<u>689,102</u>	<u>350,935</u>	<u>1,040,037</u>
Non-current Assets:			
Investment in Joint Sewer Authority	-	418,904	418,904
Capital assets:			
Non-depreciable	276,643	45,675	322,318
Depreciable, net	3,838,970	807,139	4,646,109
Total Non-current Assets	<u>4,115,613</u>	<u>1,271,718</u>	<u>5,387,331</u>
Total Assets	<u>4,804,715</u>	<u>1,622,653</u>	<u>6,427,368</u>
Liabilities:			
Current Liabilities:			
Accounts payable	13,895	13,895	27,790
Unearned revenue	646	412	1,058
Current portion long-term debt	179,714	-	179,714
Total Current Liabilities	<u>194,255</u>	<u>14,307</u>	<u>208,562</u>
Non-current Liabilities:			
Bonds payable - net of current portion	2,809,966	-	2,809,966
Total Non-current Liabilities	<u>2,809,966</u>	<u>-</u>	<u>2,809,966</u>
Total Liabilities	<u>3,004,221</u>	<u>14,307</u>	<u>3,018,528</u>
Net Position:			
Net investment in capital assets	1,125,933	852,814	1,978,747
Restricted for debt service	350,000	-	350,000
Unrestricted	324,561	755,532	1,080,093
Total Net Position	<u>1,800,494</u>	<u>1,608,346</u>	<u>3,408,840</u>

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

Dillon Valley District
Schedule of Water and Sewer Functions
Estimated Allocation of Revenues, Expenses, and Net Position
For the Year Ended December 31, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Operating Revenues:			
Charges for service	807,343	515,080	1,322,423
Penalties	2,133	1,361	3,494
Rent income	4,800	4,800	9,600
Total Operating Revenues	<u>814,276</u>	<u>521,241</u>	<u>1,335,517</u>
Operating Expenses:			
Administration	57,743	57,743	115,486
Operating expenses	707,561	435,506	1,143,067
Total Operating Expenses	<u>765,304</u>	<u>493,249</u>	<u>1,258,553</u>
Operating (Loss)	<u>48,972</u>	<u>27,992</u>	<u>76,964</u>
Non-operating Revenues (Expenses):			
Interest revenue	149	149	298
Interest expense	(119,136)	-	(119,136)
Gain (loss) on investment in Joint Sewer Authority	-	13,610	13,610
Total Non-operating Revenues (Expenses)	<u>(118,987)</u>	<u>13,759</u>	<u>(105,228)</u>
Income Before Capital Contributions	(70,015)	41,751	(28,264)
Capital Contributions - Tap Fees	<u>13,200</u>	<u>13,200</u>	<u>26,400</u>
Change in Net Position	(56,815)	54,951	(1,864)
Total Net Position - Beginning	<u>1,857,309</u>	<u>1,553,395</u>	<u>3,410,704</u>
Total Net Position - Ending	<u><u>1,800,494</u></u>	<u><u>1,608,346</u></u>	<u><u>3,408,840</u></u>

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

**Dillon Valley District
Historical Schedule of Capacity with Joint Sewer Authority**

Date	Transaction	Treatment Plant				Joint Interceptor				East Bank Interceptor					
		EQRs in Treatment Plant		Total Nominal Plant Capacity		EQRs in Joint Interceptor		Total Nominal Joint Interceptor Capacity		EQRs in East Bank Interceptor			Total Nominal East Bank Interceptor Capacity		
		Constructed Capacity	Reserved Capacity	Constructed Capacity	Reserved Capacity	Lower Joint Interceptor	Upper Joint Interceptor	Lower Joint Interceptor	Upper Joint Interceptor	Lower Segment	Middle Segment	Upper Segment	Lower Segment	Middle Segment	Upper Segment
7/20/1971	Dillon Valley Agreement		1,900			1,900	1,900	7,000	7,000	1,900	1,900	1,900	3,900	3,900	3,900
2/28/1973	Addendum			1,500	11,400			3,800	3,200				330	330	(170)
[1]	First expansion	154		840											
[1]	Second expansion	103		560											
[1]	Plant expansion	543		2,800											
6/13/1980	JSA-County Agreement		(22)												
[1]	JSA Sale to County Plant		(10)												
10/1/1980	Expansion			2,000											
5/11/1981	East Bank Interceptor Report											711	480	270	
7/6/1981	Joint Authority Agreement	500													
7/27/1981	DVD-BMMD Agreement	(30)	(300)			(300)	(300)								
10/1/1987	Sludge Dewatering Project			(50)											
12/23/1993	DVD-BMMD Assignment	(55)	(55)												
12/29/1993	DVD-BMMD Agreement					(55)	(55)								
1/24/1995	DVD-BMMD Agreement		(336)												
2/13/1995	DVD-Mesa Cortina		(26)												
4/18/1996	DVD-BMMD Agreement					(336)	(336)								
12/31/2002	Contract 35			2,350											
10/21/2010	DVD to Mesa Cortina					(26)	(26)								
1/1/2013	Net effect of Amendment 1									(717)	(717)	(717)	(414)	(414)	(414)
12/31/2013	Cumulative Total	<u>1,183</u>	<u>1,183</u>	<u>10,000</u>	<u>11,400</u>	<u>1,183</u>	<u>1,183</u>	<u>10,800</u>	<u>10,200</u>	<u>1,183</u>	<u>1,183</u>	<u>1,183</u>	<u>4,527</u>	<u>4,296</u>	<u>3,586</u>

[1] - Date unknown

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