

BYERS WATER AND SANITATION DISTRICT

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

with

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Byers Water and Sanitation District
Byers, Colorado

Opinion

We have audited the financial statements of the Byers Water and Sanitation District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Byers Water and Sanitation District as of December 31, 2022, and its changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

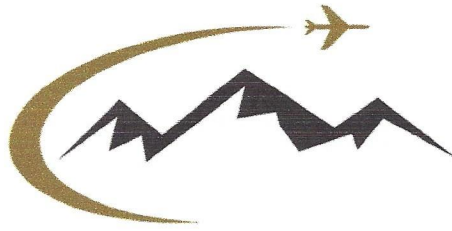
Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence We have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that include our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk is not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, We:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

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 Schedule of Revenues and Expenses - Budget and Actual on page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues and Expenses - Budget and Actual is the responsibility of the 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 Schedule of Revenues and Expenses - Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Northglenn, Colorado
July 17, 2023

MANAGEMENT'S DISCUSSIONS AND ANALYSIS

BYERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Byers Water and Sanitation District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended December 31, 2022. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2022

- The District's net position increased by \$61 thousand or 3.4 percent from \$1,801.3 million to \$1.862 million.
- Operating revenues increased by \$10 thousand or 1.9 percent from \$497 thousand to \$507 thousand.
- Operating expenses increased by \$41 thousand or 9.3 percent from \$440 thousand to \$481 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements and Other Required Supplementary Information. The Financial Statements include notes which explain in detail some of the information included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Position includes information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statements of Revenues, Expenses and Changes in Net Position identifying the District's revenues and expenses for the fiscal year ended December 31, 2022. This statement provides information on the District's operations over the past fiscal year and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statements of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statements of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash and cash equivalents balance for the last fiscal year.

BYERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide an indication of the District's financial condition and also indicate that the financial condition of the District improved during the last fiscal year. The District's net position reflect the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

NET POSITION

A summary of the District's Statements of Net Position is presented below.

Table 1
Condensed Statements of Net Position
(In thousands of dollars)

	<u>2022</u>	<u>2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and Other assets	\$ 823.4	\$ 959.6	(\$ 136.2)	(14.2%)
Capital Assets, net	1,088.3	908.2	180.1	19.8%
Total Assets	1,911.7	1,867.8	43.9	2.4%
Current Liabilities	49.4	66.5	(17.1)	(25.7%)
Long-term debt	-	-	-	-
Total Liabilities	49.4	66.5	(17.1)	(25.7%)
Net investment in capital assets, net of related debt	1,088.3	908.2	180.1	19.8%
Unrestricted net position	774.0	893.1	(119.1)	(13.3%)
Total Net Position	\$1,862.3	\$1,801.3	\$ 61.0	3.4%

As the table indicates, total net position increased by \$61 thousand or 3.4% in 2022 as compared to 2021. Current and other assets decreased by \$136 thousand for the year due to a net income of \$61 thousand plus depreciation of \$67 thousand minus a decrease in liabilities of \$17 thousand and capital improvements of \$247.2 thousand.

BYERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

NET POSITION, CONTINUED

Capital assets increased by \$180 thousand for the year because of capital improvements of \$247 thousand minus depreciation of \$67 thousand.

Total liabilities for the district decreased by \$17 thousand for the year as a result of a decrease in accounts payable of \$20 thousand due to expenses owed as a result of capital improvements made in December, 2021 and not paid until 2022.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN POSITION

Table 2
Condensed Statements of Revenues, Expenses
and Changes in Net Position
(In thousands of dollars)

	<u>2022</u>	<u>2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	\$ 506.5	\$ 496.9	\$ (9.6)	1.9%
Non operating revenues	35.4	31.3	(4.1)	13.1%
Total Revenues	541.9	528.2	(13.7)	2.6%
Depreciation expense	67.1	60.3	(6.8)	11.3%
Other Operating Expenses	413.8	379.6	(34.2)	9.0%
Non Operating Expenses	-	-	-	0.0%
Total Expenses	480.9	439.9	(41.0)	9.3%
Changes in Net Position	61.0	88.3	27.3	(30.90%)
Beginning Net Position	1,801.3	1,713.0	(88.3)	5.2%
Ending Net Position	\$ 1,862.3	\$ 1,801.3	\$ (61.0)	3.4%

BYERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, CONTINUED

Total revenues in 2022 decreased by \$13.7 thousand as compared to 2021 due to an increase in water tap fees of \$4 thousand and water sales of \$11.7 thousand.

Expenses were \$41 thousand higher in 2022 as compared to 2021. Electricity was \$11 thousand higher due to an increase in sewer electricity for the lagoon aerators. Repairs and maintenance was \$27 thousand higher due to an increase in sewer cleaning and repairs. Other expenses were very similar to 2021 expenses.

CAPITAL ASSETS

As of December 31, 2022, the District's net investment in capital assets totaled \$1088.3 thousand, which is an increase of \$180 thousand or 19.8% more than the capital asset balance of \$908.2 thousand at December 31, 2021. A comparison of the District's capital assets over the past two fiscal years is presented in Note 4 of the financial statements.

Capital improvements the District made in 2022 included a water system study, waste water line replacement, lagoon aerators and water meters.

Capital improvements for 2023 include water meters.

LONG-TERM DEBT

The District has no long-term debt at December 31, 2022.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Byers Water and Sanitation District at P.O. Box 301, Byers, Colorado 80103.

FINANCIAL STATEMENTS

BYERS WATER AND SANITATION DISTRICT

STATEMENT OF NET POSITION

December 31, 2022

ASSETS

Current Assets:

Cash and cash equivalents (Note 3)	\$ 201,262
Certificates of deposit	571,568
Accounts receivable	34,245
Prepaid expenses	<u>16,334</u>
Total Current Assets	<u>823,409</u>

Capital Assets (Notes 4 and 6):

Nondepreciable capital assets:

Land	<u>2,352</u>
Total nondepreciable capital assets	<u>2,352</u>

Depreciable capital assets:

Plant and equipment	3,635,738
Less accumulated depreciation	<u>2,549,771</u>
Total depreciable capital assets	<u>1,085,967</u>
Total capital assets	<u>1,088,319</u>

Total Assets	<u>\$1,911,728</u>
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DEFERRED OUTFLOWS OF RESOURCES

LIABILITIES

Current Liabilities:

Accounts payable	\$ 6,001
Security deposits	<u>43,395</u>
Total Current Liabilities	<u>49,396</u>

DEFERRED INFLOWS OF RESOURCES

NET POSITION

Net Investment in capital assets,	\$1,088,319
Unrestricted	<u>774,013</u>
Total Net Position	<u>\$1,862,332</u>

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

BYERS WATER AND SANITATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended December 31, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues:			
Water and sewer services	\$ 300,876	\$ 205,660	\$ 506,536
Total Operating Revenues	<u>300,876</u>	<u>205,660</u>	<u>506,536</u>
Operating Expenses:			
Salaries and directors fees	80,883	40,441	121,324
Employee benefits	46,758	23,379	70,137
Legal, auditing and expense and permits	13,671	6,836	20,507
Office supplies and expense	24,381	12,191	36,572
Repairs and maintenance	27,892	68,781	96,673
Electricity	27,516	13,589	41,105
Depreciation	44,731	22,366	67,097
Miscellaneous	7,374	3,687	11,061
Testing and chlorine	9,082	7,388	16,470
Total Operating Expenses	<u>282,288</u>	<u>198,658</u>	<u>480,946</u>
Net Operating Income (Loss)	<u>18,588</u>	<u>7,002</u>	<u>25,590</u>
Add Non-Operating Revenues:			
Interest income	702	702	1,404
Tap fees	17,000	17,000	34,000
	<u>17,702</u>	<u>17,702</u>	<u>35,404</u>
Net income	<u>\$ 36,290</u>	<u>\$ 24,704</u>	60,994
Net position:			
Beginning of Year			<u>1,801,338</u>
End of Year			<u>\$ 1,862,332</u>

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

BYERS WATER AND SANITATION DISTRICT

STATEMENT OF CASH FLOWS

Years Ended December 31, 2022

Cash flows from operating activities:	
Cash receipts from customers	\$ 506,754
Cash payments to supplies for goods and services	(308,398)
Cash payment to employees for services	<u>(121,324)</u>
Net cash provided by operating activities	<u>77,032</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(247,184)
Tap fees	<u>34,000</u>
Net cash used in capital and related financing activities	<u>(213,184)</u>
Cash flows from investing activities:	
Interest received on investments	1,404
Purchase of certificates of deposit	<u>(1,132)</u>
Net cash provided by investing activities	<u>272</u>
Net decrease in cash and cash equivalents	(135,880)
Cash and equivalents, beginning of year	<u>337,142</u>
Cash and equivalents, end of year	<u><u>\$ 201,262</u></u>
Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities:	
Operating Income	\$ 25,590
Adjustments:	
Depreciation	67,097
Net change in assets and liabilities:	
Prepaid expenses	188
Accounts receivable	1,218
Accounts payable	(20,241)
Payroll taxes payable	(120)
Security deposits	<u>3,300</u>
Net cash provided by operating activities	<u><u>\$ 77,032</u></u>

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

BYERS WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(1) Description of Entity

Reporting Entity

The Byers Water and Sanitation District operates under an elected five-person Board of Directors. The Board of Directors hires a manager to oversee the daily operations of the District. The District's major operations include water and sewer services for an unincorporated area in Arapahoe county known as Byers, Colorado. No other agency or authority is controlled by or controls the District.

(2) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The District's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues and expenses. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net position (i.e., total assets net of total liabilities) are segregated into net investment in capital assets, net of related debt; and unrestricted components.

BYERS WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

December 31, 2022

(2) Summary of Significant Accounting Policies, Continued

Management of the District has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements in conformity with generally accepted accounting principles. Actual results may differ from those estimates.

Cash Equivalents and Investments

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents.

All bank balances of deposits as of the balance sheet dates are entirely insured. (See Note 3)

Capital Assets

The cost of additions to the utility plant and major replacements of retired units of property is capitalized. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on funds borrowed to finance construction. The District did not capitalize interest during fiscal year 2022. The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from the disposal is credited or charged in the nonoperating section of the statements of revenues, expenses and changes in net position. The cost of current repairs, maintenance, and minor replacements is charged to expense.

BYERS WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

December 31, 2022

(2) Summary of Significant Accounting Policies, Continued

Capital Assets, Continued

The useful lives of property, plant and equipment for purposes of computing depreciation:

	<u>Years</u>
Office equipment and tools	10
Buildings and sheds	15
Fences, pump house and equipment, water tank and tower, wells and pumps, water storage facility and administration building	20
Sewer transmission and distribution lines	50
Vehicle	5

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Compensated Absences

A liability for compensated absences has not been accrued in the financial statements because the amount cannot be reasonably determined and is immaterial in amount.

BYERS WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

December 31, 2022

(2) Summary of Significant Accounting Policies, Continued

Net Position

Net position, comprise the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position are classified in the following three components:

Net investment in capital assets, net of related debt-This component of net position of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted-This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position-This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets, net of related debt".

Budgetary Principles

The District's Board of Directors prepares a budget in December of each year on a cash basis. The adopted budget can be amended during the year based upon unforeseen revenues and expenditures. All expenditures from the budget are approved by the Board of Directors during their monthly meetings.

Tabor Amendment

The District complies with all provisions of the Tabor Amendment.

BYERS WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

December 31, 2022

(3) Deposits

The District's cash and deposit policies are approved by the Board of Directors and governed by Colorado Statute. The Colorado Public Deposit Protection Act and the Savings and Loan Public Deposit Protection Act of Colorado (PDPA) require that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The fair value of the collateral must be at least equal to the aggregate uninsured deposits. As of December 31, 2022, the district's deposits included \$201,262 of demand deposits and \$571,568 of certificates of deposit due in 2022. All deposits are either insured or collateralized.

(4) Capital Assets

A summary of changes in capital assets is as follows:

	Balance 01/01/22	Additions	Deletions	Balance 12/31/22
Non-depreciable capital assets:				
Land	\$ 2,352	\$ -	\$ -	\$ 2,352
Total non-depreciable capital assets	2,352	-	-	2,352
Depreciable capital assets:				
Water and sewer system	3,246,967	247,184	-	3,494,151
Building and sheds	90,662	-	-	90,662
Vehicle	50,925	-	-	50,925
Total capital assets being depreciated	3,388,554	247,184	-	3,635,738
Less accumulated depreciation	2,482,674	67,097	-	2,549,771
Total capital assets being depreciated, net	905,880	180,087	-	1,085,967
Total capital assets, net	\$ 908,232	\$ 180,087	\$ -	\$ 1,088,319

BYERS WATER AND SANITATION DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

December 31, 2022

(5) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for risk of loss. The District is insured by Colorado Districts Property and Liability Pool.

The District did not have settled claims that exceeded the District's commercial insurance coverage in any of the past three years. There has been no significant reduction in the District's insurance coverage from the previous year.

REQUIRED SUPPLEMENTARY INFORMATION

BYERS WATER AND SANITATION DISTRICT

SCHEDULE 1 - SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

Year Ended December 31, 2022

	Original Budget (Compiled)	Final Budget (Compiled)	Actual	Variance Favorable (Unfavorable)
Revenues:				
Water and Sewer Services	\$ 580,000	\$ 580,000	\$ 506,536	\$ (73,464)
Security deposits	5,500	5,500	4,900	(600)
Interest Income	2,600	2,600	1,404	(1,196)
Tap fees	-	-	34,000	34,000
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	<u>589,100</u>	<u>589,100</u>	<u>546,840</u>	<u>(42,260)</u>
Expenditures:				
Salaries and directors fees	125,000	125,000	121,324	3,676
Employee benefits	95,000	95,000	70,137	24,863
Legal, auditing, insurance and permits	28,650	28,650	20,507	8,143
Office supplies and maintenance	21,950	21,950	36,572	(14,622)
Repairs and maintenance	95,700	95,700	96,673	(973)
Electricity	35,000	35,000	41,105	(6,105)
Miscellaneous	14,000	14,000	11,061	2,939
Testing and chlorine	41,500	41,500	16,470	25,030
Security deposit refunds	2,500	2,500	988	1,512
Capital expenditures	285,300	285,300	247,184	38,116
Total Expenditures	<u>744,600</u>	<u>744,600</u>	<u>662,021</u>	<u>82,579</u>
Total Revenues Over Expenditures	<u>\$ (155,500)</u>	<u>\$ (155,500)</u>	<u>\$ (115,181)</u>	<u>\$ 40,319</u>

Reconciliation of Budget Net Income to General Accepted Accounting Principles

Net income:

Net loss per budget	\$ (115,181)
Security deposits	(4,900)
Security deposit refunds	988
Depreciation	(67,097)
Capital expenditures	<u>247,184</u>
Net income per general accepted accounting principles basis	<u>\$ 60,994</u>