

**FRISCO SANITATION DISTRICT  
FRISCO, COLORADO**

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FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION  
WITH  
INDEPENDENT AUDITOR'S REPORT

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December 31, 2024

**FRISCO SANITATION DISTRICT  
FRISCO, COLORADO**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Frisco Sanitation District  
Frisco, Colorado

### *Opinion*

We have audited the financial statements of the business-type activities of Frisco Sanitation District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Frisco Sanitation 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 respective financial position of the business-type activities of Frisco Sanitation District, as of December 31, 2024, 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.

### *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 our report. We are required to be independent of Frisco Sanitation 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 our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Frisco Sanitation District's 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 Frisco Sanitation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## *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 includes 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 of 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 Frisco Sanitation 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 Frisco Sanitation 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.

### *Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial as a whole. The schedule of revenues, expenses and changes in net position - budget (Non- US GAAP Basis) and

actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenses and Changes in Net Position- Budget (Non-US GAAP Basis) and Actual 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.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenses and Changes in Net Position- Budget (Non-US GAAP Basis) and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Watson Coon Ryan, LLC*

Watson Coon Ryan, LLC  
Centennial, Colorado  
May 6, 2025

**FRISCO SANITATION DISTRICT**  
**FRISCO, COLORADO**  
**Statement of Net Position**  
**December 31, 2024**

<b>ASSETS</b>	
Cash and investments	\$ 15,642,861
Accounts receivable	11,651
Notes receivable	33,091
Inventory	91,588
Prepaid expenses	88,498
Capital assets, net of accumulated depreciation	8,019,123
<b>Total assets</b>	<b>23,886,812</b>
<b>LIABILITIES AND NET POSITION</b>	
Accounts payable	34,367
Earned benefits payable	42,507
Payroll taxes payable	7,620
<b>Total liabilities</b>	<b>84,494</b>
<b>Net position:</b>	
Net investment in capital assets	8,019,123
Unrestricted	15,783,195
<b>Total net position</b>	<b>\$ 23,802,318</b>

The accompanying notes are an integral part of this financial statement.

FRISCO SANITATION DISTRICT

FRISCO, COLORADO

Statement of Revenues, Expenses, and Changes in Net Position

For the year ended December 31, 2024

<b>Operating Revenues:</b>	
User fees	\$ 2,507,736
Other charges	18,000
<b>Total operating revenues</b>	<b>2,525,736</b>
<b>Operating Expenses:</b>	
Operations	1,632,490
Depreciation	671,954
<b>Total operating expenses</b>	<b>2,304,444</b>
<b>Operating loss</b>	<b>221,292</b>
<b>Non-operating revenues:</b>	
System investment fees	1,436,124
Investment income	515,527
<b>Total non-operating revenues</b>	<b>1,951,651</b>
<b>Change in Net Position</b>	<b>2,172,943</b>
Net position - beginning of year	21,629,375
<b>Net position - end of year</b>	<b>\$ 23,802,318</b>

The accompanying notes are an integral part of this financial statement.

**FRISCO SANITATION DISTRICT**  
**FRISCO, COLORADO**  
**Statement of Cash Flows**  
**For the year ended December 31, 2024**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 2,494,422
Cash received from others	18,000
Cash paid to suppliers	(833,833)
Cash paid to employees	(797,402)
<b>Net cash provided by operating activities</b>	<b>881,187</b>
<b>Cash flows from capital financing activities:</b>	
System investment fees	1,436,124
Acquisition of capital assets	(73,049)
<b>Net cash used by capital financing activities</b>	<b>1,363,075</b>
<b>Cash flows from investing activities:</b>	
Proceeds from the sale of investments	3,235,000
Proceeds from redemption of investments	4,337
Purchase of investments	(3,297,407)
Interest on investments	515,527
<b>Net cash provided by investing activities</b>	<b>457,457</b>
<b>Net increase in cash</b>	<b>2,701,719</b>
Cash and cash equivalents, beginning of year	6,371,286
<b>Cash and cash equivalents, end of year</b>	<b>\$ 9,073,005</b>

**Reconciliation of operating income (loss) to net cash provided (used) by operations:**

Operating Income (Loss)	\$ 221,292
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**Adjustments to reconcile Operating Income (loss) to cash provided by operating activities:**

Depreciation	671,954
Decrease (increase) in:	
Receivables	(13,314)
Inventory	4,355
Prepaid expenses	(8,574)
(Decrease) increase in:	
Accounts payable and accrued liabilities	(2,283)
Earned benefits and payroll taxes payable	7,757

<b>Total adjustments</b>	<b>659,895</b>
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<b>Net cash provided by operating activities</b>	<b>\$ 881,187</b>
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The accompanying notes are an integral part of this financial statement.

**1. Summary of significant accounting policies**

The accounting policies of the Frisco Sanitation District, located in Frisco, Colorado, (the District), conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

**Reporting entity**

The District is incorporated as a separate local government entity under Colorado Revised Statutes. A Board of Directors, consisting of five elected Board members governs the District. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District provides wastewater services to the Town of Frisco and surrounding unincorporated areas of Summit County.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Board (GASB), Statement No. 61, *The Financial Reporting Entity: Omnibus*, which amended GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

Per GASB 61 the District is not financially accountable for any other organization.

**Measurement focus, basis of accounting and financial statement presentation**

The accompanying financial statements are presented in accordance with *GASB Statement No. 34*. The government-wide financial statements (i.e. the statement of net position and the statement of revenues, expenses, and changes in fund net position) report information on the business-type activities of the District, which rely to a significant extent on user fees and charges for support. The statement of activities demonstrates the degree to which expenses of the business-type activities are supported by user fees.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The District's operations are classified as an Enterprise fund that accounts for the acquisition, operation, and maintenance of activities that are similar to a business. The business-type fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations, the treatment of wastewater. Operating expenses for the fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition, including system investment fees are reported as nonoperating revenues and expenses.

### **Assets, liabilities and net position**

#### **Cash and cash equivalents**

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

#### **Financial instruments**

The District's financial instruments include cash and cash equivalents, investments, accounts receivable, and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments. The District records certificates of deposits at amortized cost, which is cost plus accrued interest.

#### **Accounts Receivable**

Receivables consist of amounts owed to the District by its utility customers. It is the District's policy to file liens on any past due user fees' therefore, amounts are considered to be collectible and no allowance for bad debt has been recorded.

#### **Inventory**

The District's inventory is stated at cost, and recorded on the first in, first out method. Inventory consists of chemicals, and assorted parts that are used during the course of the District's business operations.

#### **Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

### **Capital assets**

It is the District's policy to capitalize items that cost more than \$500 and have a useful life in excess of one year. All purchased capital assets are recorded at cost. Major capital outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 50 years. A half-year of depreciation is computed in the year of acquisition. Donated assets are valued at their estimated fair market value when received. Land and construction in process are not depreciated.

### **Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Net Position**

Net Position of the District is classified into three components:

- Net investment in capital assets;
- Restricted net positions, which are non-capital assets that must be used for a particular purpose; and
- Unrestricted net positions, which are the remaining assets not otherwise classified.

The District applies restricted net positions first when both restricted and unrestricted resources are available.

### **Budgetary information**

The District is required by State Statute to adopt a budget for the ensuing year. The District budgets for all its operations, as explained below. The District follows the following schedule in its budgetary process.

- By October 15; Preliminary budget presented to the Board and advertised in a public record that a budget is available for review.
- By December 15; Property tax mill levies certified to County Commissioners, budget adopted and the funds appropriated for the following year.
- By December 31; if no mill levies are to be certified, budget must be adopted and funds appropriated for the following year.

During the year the Board may authorize supplemental appropriations, if necessary. In 2024, there were no budget amendments.

Budgets are prepared using the accrual basis of accounting, except as follows:

- There is no budget provision for depreciation or amortization.
- A budget provision is made for capital outlay costs which are treated as asset additions in the financial statements.

## **2. Detailed notes concerning the funds**

### **Cash and investments**

The Frisco Sanitation District considers safe, high rate of return and regard the local economy when making investments as permitted by the Colorado State Statues. Funds held for future capital projects shall be invested in securities that can be expected to produce enough income to offset inflationary construction cost increases.

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits, including those of the State's component units, to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding the amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the banking board to seize the eligible collateral, liquidate the collateral, repay the public deposits to the depositing government. 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 the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by Colorado Revised Statutes to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

COLOTRUST (Colorado Local Government Liquid Asset Trust) and CSAFE (Colorado Surplus Asset Fund Trust) are local government investment vehicles that qualify as 2a7-like investment pools, where the value of each share is maintained at \$1.00. COLOTRUST, CSAFE and the third party investment fund have credit quality ratings of AAA, while cash held by the State Treasurer is not rated for credit quality.

As of December 31, 2024, all of the District's deposits were either held in deposit accounts insured by the Federal Deposit Insurance Corporation or in eligible depositories as required by PDPA.

### **Credit risk**

The District has a formal investment policy, allowing the District to invest in a variety of instruments, including certificates of deposits, U.S. Treasury securities, short-term direct obligations of the U.S. Government and state investment pools.

### **Investment Valuation**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include

governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE/COLOTRUST which record their investments at net asset value (NAV) per share, measured using amortized cost.

### Summary of Deposit and Investment Balances

The reconciliation of cash, cash equivalents (including pooled investments) and investments as show in the government-wide and fund financial statements is as follows:

Deposits with Financial Institutions	\$ 2,052,011
COLOTRUST (at NAV)	3,822,718
CSAFE (at NAV)	<u>3,198,276</u>
Total Cash & Cash Equivalents	9,073,005
Certificate of Deposit (at Cost)	2,035,800
U.S. Government Obligations (FMV)	<u>4,534,056</u>
Total Cash and Investments	<u><u>\$ 15,642,861</u></u>

### Custodial and concentration of credit risk

At December 31, 2024, the District had \$3,822,718 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST.

At December 31, 2024, the District had \$3,198,276 invested in CSAFE, a trust fund that provides cash management services to Colorado local governments. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of CSAFE consist of Corporate bonds, various short term and long term promissory notes, and Certificates of Deposits. CSAFE utilizes US Bank as their custodial bank which provides safekeeping and depository services to CSAFE in connection with the direct investment and withdrawal functions of CSAFE. All securities owned by CSAFE are held in the account maintained by the custodial bank.

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include local state sponsored investment pools. The District invests in two such pools, the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (COLOTRUST) which were both rated AAAM by Standards and Poor's. These investments are not categorized because the investments are not evidenced by securities that exist in physical or book entry form. The District also invests excess undesignated cash reserves into certificates of deposits.

FRISCO SANITATION DISTRICT  
FRISCO, COLORADO  
Notes to The Financial Statements  
December 31, 2024

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As of December 31, 2024, the District’s U.S. Government Obligations are rated AAA by Moody’s Investors Services. The District held investments in U.S. Agency Securities in the amount of \$4,534,056 with maturity dates of one to three years. No more than 34 percent of the assets may be invested in any one depository as an investment vehicle, which the District is compliance with this policy. These investments are valued at Level 1 inputs.

Fair value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs.

The County has the following recurring fair value measurements as of December 31, 2024:

- U.S. Treasury notes totaling \$2,526,741 and government bonds totaling \$2,007,315 are valued using market closing prices (Level 1 inputs)

**Changes in capital assets**

The changes in capital assets for the year ended December 31, 2024 are as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Land, not depreciated	\$ 2,943,874	\$ -	\$ -	\$ 2,943,874
Treatment plant	22,477,677	-		22,477,677
Collection system	6,125,718	59,637		6,185,355
Equipment, vehicles, and furniture	4,389,395	13,412	-	4,402,807
<b>Total</b>	35,936,664	73,049	-	36,009,713
Accumulated Depreciation	(27,318,636)	(671,954)	-	(27,990,590)
Net	\$ 8,618,028	\$ (598,905)	\$ -	\$ 8,019,123

**Pension obligations**

At the present time, District employees participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by Nationwide Retirement. This plan is a defined contribution plan that requires a minimum of \$25 per month for an employee to participate. This plan allows the employee to contribute up to the lesser of 25% of their salary or \$9,000 per year, including District matching funds. Employees are not required to contribute to the plan. If they do not contribute, this results in the employee accumulating only the District’s contribution. The District contribution is based on years of service for each employee as follows: 1% of salary in year 1, 4% in year 2, 5% in year 3, 6% in year 4, and 7% for year 5. The District contribution is capped at 7%. For 2024, the District’s total pension costs were \$34,440. The District has no administrative or fiduciary control over the funds in this plan. Accordingly, the District does not report the plan assets and corresponding liability in its financial statements, in accordance with GASB Statement No. 32.

**Earned Benefits Payable**

Annual leave - Employees earn 80 hours during their first full year of service, then 80 hours plus eight additional hours for each additional year of service. Employees may accumulate up to 240 hours. The annual leave accounts for \$33,084 of the earned benefits payable.

Sick leave - Employees earn 10 hours per month. In January, when an employee has accumulated over 300 hours of sick leave by December 31<sup>st</sup> of the prior year, they may convert those hours in excess of 300 at the rate of 1 day of sick leave for a ½ day vacation, enabling them to acquire a maximum of 6 additional days of vacation leave per year. The earned sick leave accounts for \$9,423 of the earned benefits payable.

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Earned Benefits Payable	\$ 34,750	\$ 61,847	\$ (54,090)	\$ 42,507	\$ 42,507

**TABOR Amendment**

In November of 1992, Colorado voters approved Amendment 1 to the state Constitution which, is commonly known as The Taxpayer's Bill of Rights or the TABOR Amendment. The amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refundings to lower interest rates and adding employees to pension plans). "Enterprises" are excluded from the requirements of TABOR. "Enterprises" are defined as a government owned business receiving less than 10% of annual revenue in grants from all Colorado and local governments. Grant revenue includes grants as well as property tax revenue received by the District. Based on the definition of an "Enterprise", the District believes that it is in compliance with the provisions of being classified as an "Enterprise" and therefore, is not subject to TABOR.

**Risk management**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God. The District covers its exposure to these risks through the use of commercial insurance, except for the deductibles on certain policies, which are insignificant in amount. Settlement amounts have not exceeded insurance coverage during the last three years and there has been no significant decrease in coverage during that period.

**Commitments**

The District has an agreement requiring \$50,000 of wetland expenditures to be budgeted each year to maintain wetlands. The wetlands is a component of the District's total wastewater treatment and effluent discharge facilities.

**Subsequent Events**

Events occurring subsequent to the statement of net position date have been evaluated for financial statement impact or disclosure through the date of the report which is date that the financial statements were available to be issued.

## **Other Supplemental Information**

FRISCO SANITATION DISTRICT  
FRISCO, COLORADO  
Schedule of Revenues, Expenses and Changes in Net Position -  
Budget (Non - US GAAP Basis) and Actual  
For the year ended December 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues:</b>			
User fees	\$ 2,492,195	\$ 2,507,736	\$ 15,541
Other charges	15,000	18,000	3,000
<b>Total Operating Revenues</b>	<b>2,507,195</b>	<b>2,525,736</b>	<b>18,541</b>
<b>Operating Expenses:</b>			
Salaries and benefits	870,000	805,159	64,841
Utilities	320,000	260,316	59,684
Chemicals and supplies	215,000	196,117	18,883
Repairs and maintenance	215,000	127,841	87,159
Sludge disposal	165,000	82,608	82,392
Insurance	67,500	57,529	9,971
Legal & Audit	43,500	22,416	21,084
Permits	30,000	7,941	22,059
Office supplies	37,000	26,025	10,975
Education	3,000	789	2,211
Miscellaneous	6,500	4,471	2,029
Telephone	12,000	9,218	2,782
Freight and postage	9,000	8,402	598
Consultants	50,000	7,944	42,056
Trash service	5,000	5,948	(948)
Printing and Legal notices	1,100	249	851
Bank service charge	2,000	737	1,263
Memberships and registration	7,500	8,780	(1,280)
Contingency	3,095	--	3,095
Wetlands	50,000	--	50,000
Capital outlay	680,000	73,048	606,952
<b>Total Operating Expenses</b>	<b>2,792,195</b>	<b>1,705,538</b>	<b>1,086,657</b>
<b>Non-Operating Revenues:</b>			
System investment fees	200,000	1,436,124	1,236,124
Investment income	50,000	515,527	465,527
<b>Total Non-Operating Revenues</b>	<b>250,000</b>	<b>1,951,651</b>	<b>1,701,651</b>
<b>Net income (loss) - non-US GAAP budgetary basis</b>	<b>\$ (35,000)</b>	<b>\$ 2,771,849</b>	<b>\$ 633,535</b>
<b>Adjustments to US GAAP basis:</b>			
Add:			
Capital outlay		73,048	
Less:			
Depreciation expense		(671,954)	
<b>Total adjustments to US GAAP basis</b>		<b>(598,906)</b>	
<b>Net income (loss) - US GAAP basis</b>		<b>\$ 2,172,943</b>	