EC WEST WATER
& SANITATION DISTRICT
ELBERT COUNTY, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS'
REPORT

DECEMBER 31, 2025

Crady, Puca & Associates
Certified Public Accountants & Consultants

EC WEST WATER & SANITATION DISTRICT
ELBERT COUNTY, COLORADO

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Crady, Puca & Associates
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the EC West Water & Sanitation District

Opinions

We have audited the accompanying financial statements of the business-type activities of the EC West Water & Sanitation District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the EC West Water & Sanitation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of EC West Water & Sanitation District, as of December 31, 2025, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the EC West Water & 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

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 EC West Water & 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 EC West Water & 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 EC West Water & 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 statements that collectively comprise EC West Water & Sanitation District's basic financial statements. The budgetary comparison schedule, page 13, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 individual budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crady, Puca & Associates

Aurora, Colorado
June 1, 2026

EC WEST WATER & SANITATION DISTRICT
Statement of Net Position
December 31, 2025

ASSETS:		
Current assets:		
Cash and cash equivalents	$	1,617
Total current assets		1,617
Noncurrent assets:		
Capital assets:		
Capital assets, not being depreciated		11,332,000
Total noncurrent assets		11,332,000
Total assets		11,333,617
LIABILITIES:		
Current liabilities:		
Accounts payable		13,812
Accrued interest payable		312,022
Total current liabilities		325,834
Noncurrent liabilities:		
Developer advances		11,393,500
Total noncurrent liabilities		11,393,500
Total liabilities		11,719,334
NET POSITION		
Net investment in capital assets		-
Restricted		-
Unrestricted		(385,717)
Total net position	$	(385,717)

The accompanying notes are an integral part of these statements.

EC WEST WATER & SANITATION DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2025

Operating revenues:	
Charges for services	$ -
Total operating revenues	-
Operating expenses:	
General and administration:	
Management and accounting	28,178
Legal	35,654
Insurance	2,133
Election	88
Website	1,326
Office, dues and other	1,238
Engineering	1,532
Total operating expenses	70,149
Operating income (loss)	(70,149)
Nonoperating revenues (expenses):	
Interest expense	(311,881)
Total nonoperating revenues (expenses)	(311,881)
Change in net position	(382,030)
Net position, beginning of year	(3,687)
Net position, end of year	$ (385,717)

The accompanying notes are an integral part of these statements.

EC WEST WATER & SANITATION DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2025

Cash flows from operating activities:		
Cash paid to suppliers of goods and services	$	(55,109)
Net cash used in operating activities		(55,109)
Cash flows from capital and related financing activities:		
Proceeds from developer advances		56,000
Net cash provided by capital and related financing activities		56,000
Net increase in cash and cash equivalents		891
Cash and cash equivalents, beginning of year		726
Cash and cash equivalents, end of year	$	1,617
Reconciliation of operating income to net cash provided by operations		
Operating income (loss)	$	(70,149)
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in:		
Prepaids		1,960
(Decrease) increase in:		
Accounts payable		13,080
Total adjustments		15,040
Net cash used in operating activities	$	(55,109)
Noncash activities:		
Capital assets acquired by developer advances	$	11,332,000

The accompanying notes are an integral part of these statements.

1. Summary of Significant Accounting Policies

The accounting and reporting policies of the EC West Water & Sanitation District, Elbert County, Colorado, (the District), conform to accounting principles generally accepted in the United States of America (US GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies consistently applied in the preparation of the accompanying financial statements.

Reporting Entity

The District is a statutory, single-purpose, Special District governed by a five-member Board of Directors pursuant to provisions of the Colorado Special District Act, C.R.S. Title 32. Qualified electors in the District elect the members of the Board. The District was established to acquire, construct, finance and maintain public water, sewer and storm drainage improvements, and ancillary streets, safety control or security needed to support the water, sewer and storm drainage facilities and improvements for the use and benefit of users of the District's systems within the EC West development and other services users. The service area is located in Elbert County, Colorado.

The District complies with GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. It defines component units as legally separate entities for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. 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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District has no employees and all operations and administrative functions are contracted.

On June 16 2025, the District adopted a resolution creating the EC West Water & Wastewater Activity Enterprise ("Enterprise") under Article X, Section 20 of the Colorado Constitution and Title 37, Article 45.1 of the Colorado Revised Statutes.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's 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 flows.

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. Enterprise funds are used by governments to report any activity for which a fee is charged to external users for goods or services.

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The District, which is a proprietary fund, distinguishes *operating* revenues and expenses from *noncapital subsidies* and other *nonoperating* revenues and expenses. Nonoperating revenues and expenses include any (1) contribution to permanent and term endowments; (2) financial related revenues and expenses; (3) gain and losses from the disposals of capital assets and inventory; (4) investment income and expenses; and (5) subsidies received and provided. A *subsidy* represents amounts received from or provided to another party or fund of the District. Amounts received from another party or fund are considered a subsidy if it is unrelated to the services provided by the proprietary fund and keeps the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party or fund are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the propriety fund charging higher fees in the future. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

Assets, Liabilities, Deferred Outflows/Inflow of Resources, and Net Position

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its investments within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At December 31, 2025, the District did not hold any investments required to be reported under fair value.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflow of Resources, and Net Position (continued)

Capital Assets

Capital assets include water rights. Capital assets are defined by the District as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized.

Capital assets requiring depreciation will be depreciated using the straight-line method. At December 31, 2025, the District does not hold any depreciable assets.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In the current year, the District did not have any items in this reporting category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as inflow of resources (revenue) until that time frame. In the current year, the District did not have any items in this reporting category.

Net Position

The District classifies net position into three components:

- Net position invested in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

- Restricted net position - consists of assets that are restricted by the District’s creditors, by state enabling legislation, by grantors (both federal and state), and by other contributors.

- Unrestricted net position – all remaining items of net position are reported in this category.

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

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflow of Resources, and Net Position (continued)

Estimates

The preparation of financial statements in conformity with US GAAP requires District management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates, and such differences could be material.

2. Stewardship, Compliance and Accountability

Budgetary Information

The District's budget is adopted on a basis consistent with US GAAP with the following exceptions: interest expense and developer advances are not budgeted, and capital outlays are treated as expenses for budget purposes. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

Prior to October 15 of each year, the District accountant (not an elected official) submits a proposed operating budget for the fiscal year commencing the following January 1 to the Board of Directors (elected officials). The operating budget includes proposed expenses and the means of financing them.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

2. Stewardship, Compliance and Accountability (continued)

Tax, Spending and Debt Limitations

Article X, Section 20, of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains, tax, spending, and revenue and debt limitations which apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's "fiscal year spending" adjusted for allowable increases based upon inflation and local growth. "Fiscal year spending" is generally defined as expenditures plus reserve increase with certain exceptions. Revenue in excess of the "fiscal year spending" limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of "fiscal year spending" (excluding bonded debt service). Local governments are not allowed to use emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On June 16, 2025 the District's Board of Directors established the Enterprise in accordance with the provisions of Article 45.1, Title 37, C.R.S., in order to exclude the Enterprise from the provisions of TABOR. The Enterprise is operated and maintained as a government-owned business, and manages, operates, uses, maintains, and conducts all water activities, services, and facilities of the District. The Enterprise has authority to use, operate, improve, extend, enlarge, repair, replace, acquire, dispose of, encumber, contract with respect to, and otherwise control and supervise all water activity facilities and property of the District, and is wholly owned by the District. The Board of Directors of the District is the Governing Board of the Enterprise.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The Enterprise does not have the power to levy or assess any tax which is subject to TABOR or direct the District to exercise its taxing power on behalf of the Enterprise. Rates for water activity services and facilities provided by the Enterprise are established by the Governing Board, approved by the Board of Directors, and collected and enforced in accordance with state law. The Enterprise is established to separately account for all revenue and expenditures of the Enterprise. The Enterprise prepares an annual budget and accounts for its activities.

On November 4, 2025, a majority of the District's eligible electors authorized the District to waive the property tax revenue limit as set forth in C.R.S. for all future property tax years pursuant to the provisions of 29-1-1704, C.R.S.

Because the District qualifies as an enterprise fund, the District's management believes it is excluded from the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

3. Detailed Notes Concerning the Fund

Cash and Cash Equivalents

At December 31, 2025, the District's cash and cash equivalents are held in bank deposits in the amount of $1,617.

Custodial Credit Risk: The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

The District has not adopted a formal investment policy, however, it follows Colorado Revised Statutes (CRS) regarding investments. The allowed investment instruments may include but are not limited to:

- Certain money market funds
- Certificates of deposit
- Local government investment pools

At December 31, 2025, the District does not hold any investments.

Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Water rights	$ -	$ 11,332,000	$ -	$ 11,332,000
Total capital assets, not being depreciated	$ -	$ 11,332,000	$ -	$ 11,332,000

3. Detailed Notes Concerning the Fund (continued)

Long Term Obligations

Changes in long-term obligations for the year ended December 31, 2025 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct placement and direct borrowings:					
Developer advances- operational	$ 5,500	$ 51,182	$ -	$ 56,682	$ -
Developer advances-capital	-	11,336,818	-	11,336,818	-
Governmental activities long-term debt	$ 5,500	$ 11,388,000	$ -	$ 11,393,500	$ -

Authorized Debt

The limit on the District's ability to issue debt is set forth in its Service Plan as $140,000,000 (the “Service Plan Debt Issuance Limit”). In no event is the District authorized to issue Debt in excess of the Service Plan Debt Issuance Limit.

The District has voter authorization to issue bonds to the Service Plan Debt Issuance Limit. The District has not issued any bonds.

Developer Advances

On June 20, 2024, the District entered into an Infrastructure Acquisition Agreement with Colorado Ranch and Land Holdings, LLC (“Developer”) to reimburse the Developer for certain improvements. On November 17, 2025 the District entered into a First Amendment to Infrastructure Acquisition Agreement. On May 18, 2026, the District entered into a Second Amendment to Infrastructure Acquisition Agreement (collectively “Amended Acquisition Agreement”). Under the Amended Acquisition Agreement, the District agreed to reimburse the Developer $11,332,000 for the appraised value of certain water rights. The water rights appraisal noted that material changes to demand or infrastructure could alter the valuation of the water rights. As this is an estimate, actual amounts could differ from the estimate.

Under the Amended Acquisition Agreement, simple interest shall accrue upon the acceptance of improvements at the greater of 7% or the Wall Street Journal Prime Rate plus 2% determined on the date of the acceptance, not to exceed 8%. Payments shall first be applied to interest and then to principal. Additionally, the District has agreed to repay the Developer up to $9,000,000 for the water rights upon issuance of the special revenue bonds. At December 31, 2025, accrued interest due under the Amended Acquisition Agreement amounted to $309,875.

3. Detailed Notes Concerning the Fund (continued)

Long Term Obligations (continued)

Developer Advances (continued)

On June 20, 2024, the District entered into an Advance and Reimbursement Agreement for Operation and Maintenance Costs with the Developer. On June 1, 2026, the District entered into a First Amendment to Advance and Reimbursement Agreement for Operation and Maintenance Costs (collectively "Amended Operations Agreement"). Under the Amended Operations Agreement, the Developer agrees to advance funds to the District to cover operation and maintenance costs. Simple interest shall accrue on the date of the advance at the greater of 7% or the Wall Street Journal Prime Rate plus 2% determined on the date of the advance, not to exceed 8%. Payments shall first be applied to interest and then to principal. At December 31, 2025, accrued interest due under the Amended Operations Agreement amounted to $2,147.

4. 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; and natural disasters for which the District carries commercial insurance.

The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for property, general liability, public official's liability and workers' compensation coverage. Members of the Pool may be required to make additional surplus contributions in the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool. Any excess funds, which the Pool determines, are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula. No distributions were made during the year ended December 31, 2025.

5. Related Party

During the year, some of the members of the Board of Directors are associated with the Developer and may have conflicts of interest in dealing with the District. The District has entered into various funding arrangements with the Developer, see Note 3 for details. Management believes that all potential conflicts, if any, have been disclosed to the Board.

6. Concentration

The District is in the development stage and is substantially dependent on the Developer for funding of infrastructure and certain operating costs through advances. These advances are expected to be paid from future District revenues and bonds issuances. A reduction or discontinuation of such support could adversely affect the District's financial position.

7. Fees and Service Charges

On June 16, 2025, the District acting by and through the Enterprise adopted that Certain Resolution Adopting Certain Fees and Service Charges and as amended by the Amended and Restated Resolution Adopting Certain Fees and Charges dated November 17, 2025 ("Fee Resolution"). The fees are assessed against the property more particularly described in the Fee Resolution. Under the Fee Resolution, the District assesses the following fees: (1) $30,000 Water and Wastewater Tap Fee for single family attached townhomes, (2) $40,000 Water and Wastewater Tap Fee for single family detached, duplex, and cluster homes, and (3) $8,000 Storm Drainage Fee. Effective January 1, 2026, each fee described above shall increase by 4.5%, compounding annually.

OTHER SUPPLEMENTARY INFORMATION

EC WEST WATER & SANITATION DISTRICT
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2025

	Original Budget	1st Budget Amendment	Final Budget	Actual	Variance with Final
Operating revenues:					
Charges for services	$ -	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-	-
Operating expenses:					
General and administration:					
Management and accounting	6,000	6,000	26,000	28,178	(2,178)
Audit and legal	5,500	30,500	45,500	35,654	9,846
Insurance	3,500	3,500	3,500	2,133	1,367
Election	500	500	500	88	412
Website	3,000	3,350	2,000	1,326	674
Office, dues and other	1,350	-	1,350	1,238	112
Engineering	-	-	-	1,532	(1,532)
Contingency	-	-	21,150	-	21,150
Capital:					
Water	10,000,000	15,000,000	15,000,000	11,332,000	3,668,000
Sewer	12,000,000	15,000,000	15,000,000	-	15,000,000
Drainage	5,000,000	10,000,000	10,000,000	-	10,000,000
Total operating expenses	27,019,850	40,043,850	40,100,000	11,402,149	28,697,851
Operating income (loss) - budget basis	(27,019,850)	(40,043,850)	(40,100,000)	(11,402,149)	28,697,851
Nonoperating revenues (expenses):					
Developer advances	20,000	45,000	105,000	11,388,000	11,283,000
Bond proceeds	30,000,000	55,000,000	55,000,000	-	(55,000,000)
Trustee fees	(10,000)	(10,000)	(10,000)	-	10,000
Cost of issuance	(65,000)	(125,000)	(125,000)	-	125,000
Interest expense	(100,000)	(300,000)	(300,000)	-	300,000
Total nonoperating revenues (expenses)	29,845,000	54,610,000	54,670,000	11,388,000	(43,282,000)
Change in net position - budget basis	2,825,150	14,566,150	14,570,000	(14,149)	(14,584,149)
Beginning Funds Available - budget basis	950	950	1,954	1,954	-
Ending Funds Available - budget basis	$ 2,826,100	$ 14,567,100	$ 14,571,954	$ (12,195)	$ (14,584,149)

Reconciliation to GAAP Basis:	
Change in net position - budget basis	$ (14,149)
Capital assets	11,332,000
Change in accrued interest	(311,881)
Developer advances	(11,388,000)
Total adjustments	(367,881)
Change in net position	(382,030)
Net position, beginning of year	(3,687)
Net position, end of year	$ (385,717)

The accompanying notes are an integral part of these statements.