KIOWA WATER AND WASTEWATER AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

KIOWA WATER AND WASTEWATER AUTHORITY
TABLE OF CONTENTS

Independent Auditors' Report	1 - 3
Basic Financial Statements	
Statement of Net Position	4
Statement of Revenues, Expenses and Change in Net Position	5
Statements of Cash Flows	6
Notes to the Financial Statements	7
Supplementary Information	
Schedule of Revenues and Expenditures – Budget to Actual Budgetary Basis	17

THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Kiowa Water and Wastewater Authority
Kiowa, Colorado

Opinion

We have audited the accompanying financial statements of the Kiowa Water and Wastewater Authority (the Authority) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority'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 the Authority, as of December 31, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 8 to the financial statements, the Authority restated beginning balances due to an overstatement of accrued interest in the prior year. The result was a restatement of the prior period net position for the Authority's enterprise fund. Our opinion is not modified with respect to this matter.

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 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 Authority'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.

Auditors' 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 auditors' 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 the Authority'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 Authority'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 the Management's Discussion & 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 opinion on the basic financial statements is 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 the Authority's basic financial statements. The budgetary comparison schedule and reconciliations are presented for purposes of additional analysis and are 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 budgetary comparison schedules and reconciliations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Greenwood Village, Colorado
September 21, 2026

BASIC FINANCIAL STATEMENTS

KIOWA WATER AND WASTEWATER AUTHORITY
STATEMENT OF NET POSITION

December 31,		2025
Assets		
Current assets		
Cash and cash equivalents	$	153,675
Cash and cash equivalents - restricted		367,418
Operations accounts receivable		75,373
Total current assets		596,466
Noncurrent assets		
Capital assets, not being depreciated		9,290
Capital assets, net of accumulated depreciation		3,479,639
Total noncurrent assets		3,488,929
Total assets		4,085,395
Liabilities		
Current liabilities		
Accounts payable		1,897
Customer deposits		13,744
Total current liabilities		15,641
Noncurrent liabilities		
Bonds payable		
Due within one year		97,890
Due in more than one year		4,681,894
Total noncurrent liabilities		4,779,784
Total liabilities		4,795,425
Net Position		
Net investment in capital assets		(1,290,855)
Restricted for debt service		367,418
Unrestricted		213,407
Total Net Position (deficit)	$	(710,030)

See accompanying Notes to Financial Statements.

KIOWA WATER AND WASTEWATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGE IN NET POSITION

For the Year Ended December 31,		2025
Operating revenues		
Charges for services	$	661,972
Miscellaneous		82
Total operating revenues		662,054
Operating expenses		
Contractual services		195,177
Utilities		28,437
Repairs and maintenance		94,800
Insurance		10,104
Other supplies and expenses		60,258
Depreciation		181,096
Total operating expenses		569,872
Operating income (loss)		92,182
Nonoperating revenues (expenses)		
Earnings on investments, net		14,751
Interest expense		(172,105)
Total nonoperating revenues (expenses)		(157,354)
Change in net position		(65,172)
Net position, beginning of year as previously reported		(687,562)
Restatement - See Note 8		42,704
Restated net position, beginning of year		(644,858)
Net position, end of year (deficit)	$	(710,030)

See accompanying Notes to Financial Statements.

KIOWA WATER AND WASTEWATER AUTHORITY
STATEMENT OF CASH FLOWS

For the Year Ended December 31,		2025
Cash flows from operating activities		
Cash received from customers	$	661,972
Cash paid to suppliers		(398,537)
Other operating income		82
Net cash provided by operating activities		263,517
Cash flows from capital and related financing activities		
Principal paid on bonds		(93,290)
Interest paid on bonds		(172,105)
Acquisition and construction of capital assets		(27,908)
Net cash used in capital and related financing activities		(293,303)
Cash flows from investing activities		
Earnings on investments		14,751
Net cash provided by investing activities		14,751
Net increase (decrease) in cash and cash equivalents		(15,035)
Cash and cash equivalents, beginning of year		536,128
Cash and cash equivalents, end of year	$	521,093
Reconciliation of loss from operations to net cash provided by operating activities:		
Operating income (loss)	$	92,182
Adjustments to reconcile loss from operations to net cash flows provided by operating activities:		
Depreciation expense		181,096
Changes in operating assets and liabilities:		
Accounts payable		(9,761)
Net cash provided by operating activities	$	263,517

See accompanying Notes to Financial Statements.

KIOWA WATER AND WASTEWATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Form of Organization

The Kiowa Water and Wastewater Authority (the Authority) provides water and wastewater services to the residents of the Town of Kiowa. The Authority is governed by a five-member Board of Directors. The Board was appointed by the Town of Kiowa's Board of Trustees. The Town of Kiowa's Board will also appoint future board members. The appointment does not create any legal or financial responsibility on behalf of the Town of Kiowa.

On March 10, 2014, the Authority was established under provision of Title 37, Article 45.1, Colorado Revised Statutes (the Water Activity Law). The Water Enterprise and Wastewater Enterprise of the Authority is authorized: (i) to establish or continue to maintain water activity enterprises for the purpose of pursuing or continuing water activities, including water acquisition or water projects or facility activities including the construction, operation, repair and replacement of water or wastewater facilities; and (ii) to issue or reissue bonds, notes or other obligations payable from the revenues derived or to be derived from the function, service, benefits or facility or from any other available funds of the enterprise, the terms and conditions of such bonds or other obligations to be set forth in the resolution authorizing the same.

The Authority has the power to set water and wastewater rates, to sue or be sued and to conduct all required business activity as needed to continue to provide water and wastewater services to the residents of the Town of Kiowa.

Reporting Entity

The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements with provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set 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, and a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Authority is not financially accountable for any other organization, nor is the Authority a component unit of any other primary governmental entity.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Basic Financial Statements

The Authority is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

Basis of Accounting

Proprietary funds are accounted for on a full accrual basis using the flow of economic resources measurement focus.

Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included in the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into net investment in capital assets, restricted, and unrestricted net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors (the "Board") in accordance with Colorado state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues. The budget process timeline is as follows:

1) By September 30th, the Authority's Administrator submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2) Public hearings are conducted at regular Board meetings to obtain taxpayer comments.

3) Prior to December 15, the budget is legally adopted by the Board.

4) Unused appropriations lapse at the end of each year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

For the year ended December 31, 2025, no appropriations were made from the original budget by the Authority.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with original maturities of three months or less which are available for operating expenditures to be cash equivalents. Certain cash balances are restricted for debt service.

Accounts Receivable and Allowance for Doubtful Accounts

The Authority's receivables are due from customers to whom the Authority provides water and wastewater services. No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the Authority originate from charges, and thus, bad debts are deemed unlikely.

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are valued at acquisition cost or estimated acquisition cost if actual acquisition cost is not available. The Authority's capital assets include land, buildings, and water and wastewater systems. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed. Property replacements and improvements, which extend the lives of the assets, are capitalized and subsequently depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The lives used for individual components of capital assets are as follows:

Description	Estimated Useful Lives
Buildings and improvements	20 - 25 years
Water and Wastewater systems	15 - 50 years

Long-Term Liabilities

Long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the debt using the effective interest method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets **–** This category groups all capital assets into one component of net position. Accumulated depreciation of these assets and related debt balances reduces this category.

Restricted Net Position **–** This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position **–** This category represents the net position of the Authority which is not restricted for any project or other purpose. A deficit will require future funding.

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

Revenue Recognition

Revenues are recognized when earned. The Authority's meters are read and billed monthly.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and 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. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Current Year GASB Implementation

For the year ended December 31, 2025, the Authority implemented GASB Statement No. 102, *Certain Risk Disclosures.* GASB Statement No. 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 2 – CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 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.

At December 31, 2025, the Authority had deposits with financial institutions with a bank balance of $524,844 The carrying amount of the Authority was $521,093. All balances were either covered by FDIC or PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which special districts may invest which include:

- Obligations of the United States and certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

- Certain reverse repurchase agreements
- Certain securities and lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Guaranteed investment contracts
- Local government investment pools

The Authority's follows state statute for investments.

At December 31, 2025, the Authority had cash and cash equivalent balances of:

	2025
Cash and cash equivalents - unrestricted	$ 153,675
Cash and cash equivalents - restricted	367,418
Total cash and cash equivalents	$ 521,093

	2025
Cash on hand	$ 138
Cash deposits	520,955
Total cash and cash equivalents	$ 521,093

For the year ended December 31, 2025, the Authority had no investments.

NOTE 3 – 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				
Land	$ 9,290	$ -	$ -	$ 9,290
Total capital assets, not being depreciated	9,290	-	-	9,290
Capital assets, being depreciated				
Buildings	13,169	-	-	13,169
Wastewater system	2,153,845	27,908	-	2,181,753
Water system	3,495,089	-	-	3,495,089
Total capital assets, being depreciated	5,662,103	27,908	-	5,690,011
Less accumulated depreciation				
Accumulated depreciation (See Note 8)	(2,029,276)	(181,096)	-	(2,210,372)
Total capital assets, being depreciated, net	3,632,827	(153,188)	-	3,479,639
Total capital assets	$ 3,642,117	$ (153,188)	$ -	$ 3,488,929

NOTE 4 – LONG-TERM LIABILITIES

During fiscal year 2014, the Authority issued Water Revenue Bond Series 2014 in the amount of $3,522,085 and Wastewater Revenue Bond Series 2014 in the amount of $2,177,915. The Authority has pledged the net revenues of the Water and Wastewater Funds to retire the debt obligations. The Authority is required to maintain reserves of $163,992 related to the Water bonds and $101,404 related to the Wastewater bonds. At December 31, 2025, the Authority met both reserve requirements.

Principal and interest payments are due quarterly with an annual interest rate of 3.5%. The Water and Wastewater revenue bonds and the interest thereon constitute a lien on the new revenue of the fund, and the net revenue is pledged to the payment of the bonds. The bonds do not constitute a debt or other obligation of the Town of Kiowa.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

Long-term debt activity for the year ended December 31, 2025 was as follows:

Authority Enterprise Fund:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Water revenue bonds	$ 3,011,127	$ -	$ 57,328	$ 2,953,799	$ 60,489
Wastewater revenue bonds	1,861,947	-	35,962	1,825,985	37,401
Total long-term obligations	$ 4,873,074	$ -	$ 93,290	$ 4,779,784	$ 97,890

The debt service requirements for the Water revenue bonds is as follows:

	Principal	Interest	Total
2026	$ 60,489	$ 103,503	$ 163,992
2027	62,606	101,386	163,992
2028	64,797	99,195	163,992
2029	67,065	96,927	163,992
2030	69,412	94,580	163,992
2031 - 2035	385,249	434,711	819,960
2036 - 2040	457,555	362,405	819,960
2041 - 2045	543,432	276,528	819,960
2046 - 2050	645,427	174,533	819,960
2051 - 2054	597,767	53,442	651,209
	$ 2,953,799	$ 1,797,210	$ 4,751,009

The debt service requirements for the Wastewater revenue bonds is as follows:

	Principal	Interest	Total
2026	$ 37,401	$ 64,003	$ 101,404
2027	38,710	62,694	101,404
2028	40,065	61,339	101,404
2029	41,467	59,937	101,404
2030	42,918	58,486	101,404
2031 - 2035	238,203	268,817	507,020
2036 - 2040	282,911	224,109	507,020
2041 - 2045	336,010	171,010	507,020
2046 - 2050	399,074	107,946	507,020
2051 - 2054	369,226	33,068	402,294
	$ 1,825,985	$ 1,111,409	$ 2,937,394

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance covering specific and general risks of loss, including worker's compensation and employee health and accident insurance.

Settle claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS

Operating Agreement with the Town of Kiowa

The Authority and the Town of Kiowa have entered into an operating agreement to establish how each party would cooperate to ensure the facilities (water and wastewater systems) would be operated and maintained for the benefit of those who are served by the facilities. The Authority will own all water and wastewater facilities within the boundaries of the Town until all Authority bonds are paid. The parties shall cooperatively operate, maintain, and repair the facilities in accordance with the Agreement. The Authority shall pay the Town on a monthly basis for services provided by the Town pursuant to the Agreement and pursuant to the annual budget of the Authority. For the year ended December 31, 2025, the Authority paid the Town of Kiowa $82,008 under the agreement.

NOTE 7 – TABOR COMPLIANCE

In November 1992, Colorado voters passed an amendment (TABOR or the Amendment) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the Authority under specified voting requirements by the entire electorate.

NOTE 7 – TABOR COMPLIANCE (CONTINUED)

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The Authority is an enterprise fund and has no TABOR revenues and therefore has not set aside any monies for emergencies as defined by TABOR.

The Authority believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

NOTE 8 – RESTATEMENT

The Authority restated beginning net position for the year ended December 31, 2025 due to correction of an error reported in the prior year financial statements related to an improper calculation of accrued interest. A reconciliation of the prior period beginning net position is as follows:

	December 31, 2024 beginning net position, as previously reported	Error correction	December 31, 2024 beginning net position, as restated
Enterprise fund	$ (687,562)	$ 42,704	$ (644,858)

The effect of the restatement increased net position for the year ended December 31, 2024 by $42,702.

SUPPLEMENTARY INFORMATION

KIOWA WATER AND WASTEWATER AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)

For the Year Ended December 31, 2025

	Original and final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for services	$ 1,734,390	661,972	$ (1,072,418)
Earnings on investments	-	14,751	14,751
Other revenues	55,100	82	(55,018)
Total revenues	1,789,490	676,805	(1,112,685)
Expenditures			
Contractual services	190,950	195,177	(4,227)
Utilities	56,995	28,437	28,558
Repairs and maintenance	100,000	94,800	5,200
Insurance	18,750	10,104	8,646
Other supplies and expenses	75,605	60,258	15,347
Capital outlay	1,000,000	27,908	972,092
Debt service:			
Principal	93,000	93,290	(290)
Interest	180,000	172,105	7,895
Total expenditures	1,715,300	682,079	1,033,221
Excess (deficiency) of revenues over (under) expenditures	$ 74,190	(5,274)	$ (79,464)
Reconciling items to GAAP basis			
Capital oultay		27,908	
Depreciation		(181,096)	
Principal		93,290	
Change in net position		$ (65,172)	

See the accompanying Independent Auditors' Report.