GREATROCK NORTH WATER AND SANITATION DISTRICT

Adams County, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	I
MANAGEMENT'S DISCUSSION AND ANALYSIS	III
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	1
Statements of Revenues, Expenses and Changes in Fund Net Position	2
Statements of Cash Flows	3
Notes to the Financial Statements	4
SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Funds Available – Budget and Actual (Budgetary Basis)	17
Reconciliation of Budgetary Basis to Statement of Revenues, Expenses and Changes in Fund Net Position	18
OTHER INFORMATION	
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	20

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Independent Auditor's Report

Board of Directors
Greatrock North Water and Sanitation District
Adams County, Colorado

We have audited the accompanying basic financial statements of Greatrock North Water and Sanitation District (District) as of and for the years ended December 31, 2013 and 2012, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greatrock North Water and Sanitation District, as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III through VI be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Highlands Ranch, Colorado
_____, 2014

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GREATROCK NORTH WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2013 and 2012

Our discussion and analysis of Greatrock North Water and Sanitation District's (District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2013 and 2012. Please read it in conjunction with the District's basic financial statements which begin on page 1.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Fund Net Position, and 3) Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting.

The *Statement of Net Position* presents information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as net position. This statement provides useful information regarding the financial position of the District. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall financial position of the District.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* reports the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported for some items that will only result in cash flows in the subsequent years.

The *Statement of Cash Flows*, as its name implies, is concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from capital financing activities, 3) cash flows from noncapital financing activities, and 4) cash flows from investing activities.

FINANCIAL SUMMARY AND ANALYSIS

Net Position

As noted earlier, net position may serve as a useful indicator of the District's financial position. As noted in the table below, the District's assets plus deferred outflows of resources exceed liabilities plus deferred inflows of resources in 2013, 2012 and 2011 by $4.2 million, $4.3 million and $4.5 million respectively. Current assets increased by $127,945 or 7% from 2012 to 2013. The main increase was cash and cash equivalents which increased $104,204, due primarily to reductions in capital outlay from the prior year. Current assets decreased by $283,546 or 13% from 2011 to 2012. The main decrease was in cash and cash equivalents which decreased $288,044, due primarily to payment in 2012 of outstanding balances due to contractors at December 31, 2011 of $125,891 and 2012 capital asset additions of $151,613. Total liabilities

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decreased $51,615 from 2012 to 2013, primarily due to payment in 2013 of bond principal of $25,000 and a net decrease in accounts payable of $19,259 which can vary from year to year. Total liabilities decreased $168,011 from 2011 to 2012, primarily due to the decrease in accounts payable and retainage payable. At December 31, 2011, the District had an amount payable to the contractor who installed the water tank as well as retainage that had been withheld from the contract payments. All amounts were released in 2012.

NET POSITION

	December 31,		
	2013	**2012**	**2011**
ASSETS			
Current assets	$ 1,962,635	$ 1,834,690	$ 2,118,236
Capital assets, net	8,134,230	8,302,134	8,369,356
Other assets, net	39,676	41,844	44,010
Total assets	10,136,541	10,178,668	10,531,602
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	191,491	212,202	232,915
Total deferred outflows of resources	191,491	212,202	232,915
LIABILITIES			
Current liabilities	55,723	75,029	235,895
Noncurrent liabilities	5,522,400	5,554,710	5,561,855
Total liabilities	5,578,123	5,629,739	5,797,750
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	510,587	510,414	511,025
Total deferred inflows of resources	510,587	510,414	511,025
NET POSITION			
Net investment in capital assets	2,842,997	3,001,470	3,302,948
Restricted	16,500	16,400	16,500
Unrestricted	1,379,825	1,232,847	1,136,294
Total net position	$ 4,239,322	$ 4,250,717	$ 4,455,742

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Changes in Net Position

As noted in the table below, the District's net position decreased from 2012 to 2013 by $11,395. Grant revenue decreased by $7,000 from 2012 to 2013. There were no other significant changes in revenue from 2012 to 2013. The District's net position decreased from 2011 to 2012 by $205,025. Charges for services revenue increased $37,009 as a result of a shift of more consumption over 40,000 gallon usage rate of $10 per 1,000 gallons compared to the rate below 40,000 gallons of $4.50 per 1,000 gallons.

Expenses decreased by $204,360 or 18% from 2012 to 2013. The fluctuation is primarily due to the following expenses: $38,205 decrease in engineering as there were no large projects in 2013, $31,795 decrease in utilities due to wet year in 2013; $53,069 decrease in maintenance and repairs which includes concentrate disposal which decreased $39,731 due to the District ceasing disposal in 2012 until another location can be found; $33,393 for the preparation a water resources master plan and $30,925 incurred for water tank construction which was completed in 2012. Overall expenses increased by $126,848 or 12% from 2011 to 2012. The fluctuation is primarily due to $64,698 to paint a water tank in 2012, decrease of $39,730 for disposal of brine.

CHANGES IN NET POSITION

	Years Ended December 31,		
	2013	**2012**	**2011**
REVENUES			
Program revenues:			
Charges for services	$ 378,653	$ 380,890	$ 343,881
Irrigation lease	7,500	7,500	7,500
Inclusion fees	2,504	2,500	-
Grants	3,000	10,000	-
Miscellaneous	1,354	2,980	10,085
General revenues:			
Property taxes	509,506	511,359	515,286
Specific ownership taxes	37,829	34,981	32,788
Investment earnings	2,728	3,594	6,946
Reimbursements		-	23,600
Total revenues	943,074	953,804	940,086
EXPENSES			
Water and sewer operations	490,547	683,918	537,239
Interest and related charges	262,030	262,242	261,824
Administration	201,892	212,669	232,918
Total expenses	954,469	1,158,829	1,031,981
CHANGE IN NET POSITION	(11,395)	(205,025)	(91,895)
NET POSITION - BEGINNING OF YEAR	4,250,717	4,455,742	4,547,637
NET POSITION - END OF YEAR	$ 4,239,322	$ 4,250,717	$ 4,455,742

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BUDGETARY HIGHLIGHTS

The total actual expenditures for 2013 were $360,597 under the budgeted expenditures of $1,218,937.

CAPITAL ASSET AND DEBT ADMINSTRATION

CAPITAL ASSETS

The District's capital assets at December 31, 2013, 2012 and 2011, amounted to $8.13 million and $8.30 million and $8.37 million (net of accumulated depreciation), respectively. This investment in capital assets includes water distribution infrastructure, water rights, easements, land, and on-going capital projects.

The analysis of changes in capital assets is as follows:

	December 31, 2011	Change	December 31, 2012	Change	December 31, 2013
Land	$ 94,243	$ -	$ 94,243	$ -	$ 94,243
Water rights	919,364	60,741	980,105	-	980,105
Easements	152,989	-	152,989	-	152,989
Construction in progress	624,713	(624,713)	-	-	-
Water distribution system	8,037,821	715,585	8,753,406	52,237	8,805,643
	9,829,130	151,613	9,980,743	52,237	10,032,980
Accumulated depreciation	(1,459,774)	(218,835)	(1,678,609)	(220,141)	(1,898,750)
Total capital assets, net	$ 8,369,356	$ (67,222)	$ 8,302,134	$ (167,904)	$ 8,134,230

In 2013, there were additions of $52,237 in the District's capital assets resulting from the purchase of a new pump, RTUs for Wells #1 and #2 and a SCADA computer with software. In 2012, there was a $151,613 increase in the District's capital assets as the result of costs incurred protection of water rights and new pumps purchased.

Additional information regarding the District's capital assets can be found in Note 4.

DEBT ADMINISTRATION

During 2010, the District issued Series 2010 General Obligation Refunding and Improvement Bonds in the amount of $2,230,000. The Series 2010 bonds were issued to refund $1,175,000 of the 2007 General Obligation Refunding and Improvement Bonds and to have proceeds available for additional capital projects. During 2013, the District made the required $25,000 principal payment and in 2012 there were no required principal payments on the outstanding bonds.

Additional information regarding the District's long-term debt can be found in Note 5.

ECONOMIC FACTORS NEXT YEAR'S BUDGET AND RATES

For 2014, the District's property tax revenue is expected to remain fairly consistent with 2013 as the assessed valuation decreased by 2.8% offset by an increase in the mill levy 1.34 mills. The District approved an increase to the base rate from $35/month to $40/month. Total budgeted expenditures are expected to decrease in 2014 due to operation efficiencies and completion of capital projects. Total budgeted revenues for 2014 are $992,868. Total appropriated expenditures for 2014 are $1,268,929.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Greatrock North Water and Sanitation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Manager, Lisa Johnson at Special District Management Services, 141 Union Blvd, Suite 150, Lakewood, CO 80228.

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BASIC FINANCIAL STATEMENTS

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GREATROCK NORTH WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2013 and 2012

	2013	2012
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	$ 1,387,690	$ 1,283,486
Accounts receivable:		
Customers	45,318	37,998
County treasurer	4,291	2,792
Property taxes receivable	510,587	510,414
Prepaid expense	14,749	-
Total current assets	1,962,635	1,834,690
CAPITAL ASSETS		
Capital assets, not being depreciated	1,227,337	1,227,337
Capital assets, being depreciated	8,805,643	8,753,406
	10,032,980	9,980,743
Less accumulated depreciation and amortization	(1,898,750)	(1,678,609)
Total capital assets	8,134,230	8,302,134
OTHER ASSETS		
Prepaid bond insurance	39,676	41,844
Total other assets	39,676	41,844
Total assets	10,136,541	10,178,668
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	191,491	212,202
Total deferred outflows of resources	191,491	212,202
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 10,328,032	$ 10,390,870
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 34,407	$ 53,666
Interest payable	20,466	20,513
Deposits	850	850
	-	-
	-	-
Total current liabilities	55,723	75,029
NONCURRENT LIABILITIES		
Bonds payable		
Due within one year	25,000	25,000
Due in more than one year	5,497,400	5,529,710
Total noncurrent liabilities	5,522,400	5,554,710
Total liabilities	5,578,123	5,629,739
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	510,587	510,414
Total deferred inflows of resources	510,587	510,414
NET POSITION		
Net investment in capital assets	2,842,997	3,001,470
Restricted for emergencies	16,500	16,400
Unrestricted	1,379,825	1,232,847
Total net position	4,239,322	4,250,717
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 10,328,032	$ 10,390,870

These financial statements should be read only in connection with the accompanying notes to financial statements.

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GREATROCK NORTH WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
Years Ended December 31, 2013 and 2012

	2013	2012
OPERATING REVENUE		
Service charges - Greatrock	$ 145,013	$ 144,986
Service charges - Rockinghorse Farms	103,478	102,641
Service charges - Box Elder	130,162	133,263
Irrigation lease revenue	7,500	7,500
Inclusion fees	2,504	2,500
Miscellaneous	1,354	2,980
Total operating revenue	390,011	393,870
OPERATING EXPENSES		
General and administration		
Accounting	17,693	21,798
District management	67,478	73,306
Audit	7,300	8,360
Director fees	6,500	5,723
Payroll taxes	512	511
Utility billing	13,081	13,478
Insurance	16,316	14,616
Legal	54,973	58,109
Website development	2,372	-
Elections	62	832
Miscellaneous	7,959	8,268
Operations		
Depreciation	220,141	218,835
Engineering	34,753	72,958
I Studies	13,878	4,921
Utilities	46,606	78,401
Testing and reporting	1,997	4,128
Plant supplies	3,656	6,550
Meter reading	6,094	3,270
Mileage	3,916	2,957
Well maintenance	533	2,426
Maintenance and repair	62,811	115,880
Operator services	43,900	44,656
Concentrate disposal	6,042	45,772
Third Evaporation Pond	11,754	-
Water resources master plan	-	33,393
Water rights development	25,161	-
Rules and regulations	3,444	8,408
GIS Mapping	-	9,515
Water tank construction	-	30,925
Service area expansion	-	97
EDOP review	5,861	826
Total operating expenses	684,793	888,919
OPERATING LOSS	(294,782)	(495,049)
NONOPERATING REVENUE AND (EXPENSES)		
Property taxes	509,506	511,359
Specific ownership taxes	37,829	34,981
Net investment income	2,728	3,594
Grant proceeds	3,000	10,000
County treasurer's fees	(7,646)	(7,668)
Bond interest expense	(259,513)	(259,725)
Bond amortization	(2,167)	(2,167)
Paying agent fees	(350)	(350)
Total nonoperating revenue (expense)	283,387	290,024
CHANGE IN NET POSITION	(11,395)	(205,025)
NET POSITION - BEGINNING OF YEAR	4,250,717	4,455,742
NET POSITION - END OF YEAR	$ 4,239,322	$ 4,250,717

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These financial statements should be read only in connection with the accompanying notes to financial statements.

GREATROCK NORTH WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 381,337	$ 385,939
Payments to vendors	(490,789)	(659,974)
Other operating receipts	1,354	2,980
Net cash required by operating activities	(108,098)	(271,055)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital asset purchases	(60,108)	(322,759)
Bond interest paid	(246,508)	(246,168)
Bond principal paid	(25,000)	-
Net cash required by capital financing activities	(331,616)	(568,927)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property and specific ownership taxes received	545,836	546,012
County treasurer's fees paid	(7,646)	(7,668)
Grant proceeds	3,000	10,000
Net cash provided by noncapital financing activities	541,190	548,344
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,728	3,594
Net cash provided by investing activities	2,728	3,594
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	104,204	(288,044)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR OF YEAR	1,283,486	1,571,530
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,387,690	$ 1,283,486
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS REQUIRED BY OPERATING ACTIVITIES		
Operating loss	$ (294,782)	$ (495,049)
Adjustments to reconcile operating loss to net cash required by operating activities:		
Depreciation	220,141	218,835
Effects of changes in operating assets and liabilities:		
Accounts receivable	(7,320)	(4,951)
Prepaid expenses	(14,749)	(170)
Accounts payable	(11,388)	10,280
Net cash required by operating activities	$ (108,098)	$ (271,055)

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These financial statements should be read only in connection with the accompanying notes to financial statements.

NOTE 1 – DEFINITION OF REPORTING ENTITY

Greatrock North Water and Sanitation District (District), was organized on May 27, 1998, as a quasi-municipal corporation and political subdivision of the State of Colorado, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Adams County, Colorado. The District's purpose is to provide public water services and stormwater drainage and detention to the property owners and residents of the District. The District is governed by an elected Board of Directors.

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which 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, 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.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

Operating Revenues and Expenses

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

For financial statement presentation purposes, the District is reported as a single enterprise fund. For budgetary purposes, the District separately budgets for specific components of this enterprise fund. These separate budgetary components of the District are the general fund, debt service fund and capital projects fund. For budgetary reporting purposes these components are combined into a single budgetary schedule.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 1 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Accounts Receivable

Accounts receivable consist of uncollected water service revenue. Due to the District's broad powers of collection, no allowance for uncollectible water service revenue receivables has been reported.

Cash Equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Capital Assets

Capital assets are recorded at cost except for those assets which have been contributed which are stated at estimated fair value at the date of contribution.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation and amortization expense has been computed using the straight-line method over the estimated economic useful lives:

Water distribution system	20 - 40 years

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Tap Fees and Contributed Lines

Tap fees are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at estimated fair market value when received.

Bond Issue Costs, Original Issue Discount, Deferred Loss on Bond Refunding

Bond issuance costs are treated as a period cost and expensed in the year incurred. The deferred loss on bond refunding and bond insurance obtained at issuance of the bonds are being amortized over the life of the refunded bonds using the straight line method. The original issue discount and premium are being amortized over the life of the bonds using the effective interest method.

Reclassifications

For comparability, certain 2012 amounts have been reclassified where appropriate to conform with the 2013 financial statement presentation.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2013 and 2012 are classified in the accompanying financial statements as follows:

	2013	2012
Cash and cash equivalents - unrestricted	$ 1,387,690	$ 1,283,486

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NOTE 3 - CASH AND INVESTMENTS (continued)

Cash deposits and investments as of December 31, 2013 and 2012 consist of the following:

	2013	2012
Cash deposits	$ 955,885	$ 1,119,407
Investments	431,805	164,079
	$ 1,387,690	$ 1,283,486

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, 2013, the District had cash deposits with a bank balance of $975,689 and a carrying balance of $955,885. At December 31, 2012, the District had cash deposits with a bank balance and a carrying balance of $1,119,407.

Investments

The District has not adopted a formal investment policy, however, the District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments 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
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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NOTE 3 - CASH AND INVESTMENTS (continued)

The local government investment pool, Colorado Local Government Liquid Asset Trust (COLOTRUST), is rated AAAm by Standard and Poor's. Information related to Standard & Poor's ratings can be obtained from Standard & Poor's.

District's investments are stated at fair value.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirement.

As of December 31, 2013 and 2012, the District had the following investments:

		Fair Value	
Investment	**Maturity**	**2013**	**2012**
Colotrust Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	$ 431,805	$ 164,079

COLOTRUST

The District had invested $431,805 and $164,079 as of December 31, 2013 and 2012, respectively, in COLOTRUST, an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. The COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00.

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NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2013 follows:

	Balance at December 31, 2012	Additions	Disposals/ Retirements	Balance at December 31, 2013
Capital assets, not being depreciated:				
Land	$ 94,243	$ -	$ -	$ 94,243
Water rights	980,105	-	-	980,105
Easements	152,989	-	-	152,989
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	1,227,337	-	-	1,227,337
Capital assets, being depreciated:				
Water distribution system	8,753,406	52,237	-	8,805,643
Total capital assets being depreciated	8,753,406	52,237	-	8,805,643
Less accumulated depreciation for:				
Water distribution system	(1,678,609)	(220,141)	-	(1,898,750)
Total accumulated depreciation	(1,678,609)	(220,141)	-	(1,898,750)
Total capital assets being depreciated, net	7,074,797	(167,904)	-	6,906,893
Total capital assets, net	$ 8,302,134	$ (167,904)	$ -	$ 8,134,230

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NOTE 4 - CAPITAL ASSETS (continued)

An analysis of the changes in capital assets for the year ended December 31, 2012 follows:

	Balance at December 31, 2011	Additions	Disposals/ Retirements	Balance at December 31, 2012
Capital assets, not being depreciated:				
Land	$ 94,243	$ -	$ -	$ 94,243
Water rights	919,364	60,741	-	980,105
Easements	152,989	-	-	152,989
Construction in progress	624,713	-	(624,713)	-
Total capital assets, not being depreciated	1,791,309	60,741	(624,713)	1,227,337
Capital assets, being depreciated:				
Water distribution system	8,037,821	715,585	-	8,753,406
Total capital assets being depreciated	8,037,821	715,585	-	8,753,406
Less accumulated depreciation for:				
Water distribution system	(1,459,774)	(218,835)	-	(1,678,609)
Total accumulated depreciation	(1,459,774)	(218,835)	-	(1,678,609)
Total capital assets being depreciated, net	6,578,047	496,750	-	7,074,797
Total capital assets, net	$ 8,369,356	$ 557,491	$ (624,713)	$ 8,302,134

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NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2013:

	Balance at December 31, 2012	Additions	Reductions	Balance at December 31, 2013	Due Within One Year
General Obligation Refunding and Improvement Bonds, Series 2007	$ 3,230,000	$ -	$ -	$ 3,230,000	$ -
Improvement Bonds, Series 2010	2,230,000	-	25,000	2,205,000	25,000
Less deferred amounts:					
2007 issue discount	(8,704)	-	(526)	(8,178)	-
2010 issue premium	103,414	-	7,836	95,578	-
Total long-term obligations	$ 5,554,710	$ -	$ 32,310	$ 5,522,400	$ 25,000

NOTE 5 – LONG-TERM OBLIGATIONS (continued)

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2012:

	Balance at December 31, 2011	Additions	Reductions	Balance at December 31, 2012	Due Within One Year
General Obligation Refunding and Improvement Bonds, Series 2007	$ 3,230,000	$ -	$ -	$ 3,230,000	$ 25,000
Improvement Bonds, Series 2010	2,230,000	-	-	2,230,000	-
Less deferred amounts:					
2007 issue discount	(9,395)	-	(691)	(8,704)	-
2010 issue premium	111,250	-	7,836	103,414	-
Total long-term obligations	$ 5,561,855	$ -	$ 7,145	$ 5,554,710	$ 25,000

General Obligation Refunding and Improvement Bonds, Series 2007

On June 21, 2007, the District authorized the issuance of General Obligation Refunding and Improvement Bonds dated June 27, 2007. The bonds refunded the outstanding Limited Tax General Obligation Bonds Series 1998 and the outstanding Subordinate Limited Tax General Obligation Bonds Series 2002 and provided funding to construct and install certain improvements to the District's water system. The bonds bear interest at rates between 4.00% and 4.49%, payable semiannually on each June 1 and December 1, commencing on December 1, 2007. The bonds are subject to mandatory sinking fund redemption commencing on December 1, 2009. The Bonds maturing on and before December 1, 2017, are not subject to redemption prior to their respective maturity dates. The Bonds maturing on and after December 1, 2022 are subject to redemption prior to maturity, at the option of the District, on December 1, 2017 at a redemption price equal to 100% together with accrued interest thereon to the date of redemption. On October 5, 2010, the District advance refunded $1,175,000 of the principal balance of the bonds. As of December 31, 2013, $450,000 of the defeased bonds are outstanding. The defeased bonds are not considered a liability of the District since sufficient funds were deposited with a trustee and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased bonds when due.

General Obligation Refunding and Improvement Bonds, Series 2010

On October 5, 2010, the District authorized the issuance of General Obligation Refunding Bonds dated December 1, 2010. The bonds partially refunded the General Obligation Refunding and Improvement Bonds Series 2007 and provided additional funding to construct and install certain improvements to the District's water system. The bonds bear interest at rates between 2.25% and 5.00%, payable semiannually on each June 1 and December 1, commencing on June 1, 2012. The bonds on and before December 1, 2020 are not subject to redemption prior to their respective maturity dates. The bonds maturing December 1, 2025 are subject to mandatory sinking fund redemption commencing on December 1, 2021 and each December thereafter. The Bonds maturing on and after December 1, 2025 are subject to

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NOTE 5 – LONG-TERM OBLIGATIONS (continued)

redemption prior to maturity as a whole or in integral multiples of $5,000, at the option of the District, on December 1, 2020 upon payment of par and accrued interest, without redemption premium.

The District's long-term obligations will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 25,000	$ 245,595	$ 270,595
2015	180,000	244,970	424,970
2016	190,000	238,207	428,207
2017	195,000	230,338	425,338
2018	215,000	222,808	437,808
2019-2023	1,300,000	963,998	2,263,998
2024-2028	1,795,000	621,312	2,416,312
2029-2033	1,535,000	181,235	1,716,235
	$ 5,435,000	$ 2,948,463	$ 8,383,463

Authorized Debt

On May 5, 1998, a majority of the District's voters authorized the issuance of indebtedness in an amount not to exceed $16,600,000 for purpose of designing, acquiring, constructing, completing and installing a complete potable and nonpotable water supply, purification, storage, transmission and distribution system. As of December 31, 2013 and 2012, the District had utilized $6,750,000 of the total authorized debt of $16,600,000, resulting in $9,850,000 of authorized but unissued indebtedness.

NOTE 6 – INCLUSION AGREEMENTS

Homestead Heights, LLC

On November 21, 2006, the District entered into an inclusion agreement with Homestead Heights, LLC (Homestead) associated with property known as Homestead Heights, II. The agreement calls for Homestead to pay a system development fee in the amount of $16,000 for the first fifteen units and the remaining system development fees will be due prior to the issuance of building permits. The agreement for inclusion is for approximately 56 residential lots. Homestead also agreed to post fees deposits in increments of $10,000 as requested by the District to satisfy all District incurred costs from the start of the inclusion process to the completion of a final conveyance and acceptance agreement. Upon completion of the inclusion process, any remaining funds on deposit with the District shall be refunded to Homestead. On January 24, 2008, the District amended the inclusion fee incremental refundable deposits to $5,000 from $10,000. On December 5, 2007, the District filed a statement of lien on the property owned by Homestead Heights, LLC in the amount of $240,000 for the 15 system development fees that were to be prepaid by Homestead within 30 days of the execution of the agreement. On August 20, 2008, the District and Homestead entered into the first amendment to the inclusion agreement. In the amended agreement, the District agreed to remove the $240,000 lien placed on the property. Additionally the payment terms for the system development fees were modified such that Homestead is to remit the system development fees,

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NOTE 6 – INCLUSION AGREEMENTS (continued)

at the District's then current system development fee rate, within certain periods following the issuance of building permits by the county. During 2013 and 2012 the District received $-0- system development fees related to this inclusion agreement.

Hayesmount Properties, LLC

On August 23, 2007, the District entered into an inclusion agreement with Hayesmount Properties, LLC (Hayesmount) associated with property known as Hayesmount Estates. Under the agreement, Hayesmount must pay system development fees for the first five units either within 120 days of recordation of a final plat for the Hayesmount Estates development or prior to the start of construction, whichever occurs first. The system development fees on all remaining lots shall be due and owing prior to the issuance of building permits by the County. The agreement for inclusion is for approximately 21 single-family detached lots. Hayesmount also agreed to post fees deposits in increments of $10,000 as requested by the District to satisfy all District incurred costs from the start of the inclusion process to the completion of a final conveyance and acceptance agreement. Upon completion of the inclusion process, any remaining funds on deposit with the District shall be refunded to the Hayesmount. On January 24, 2008, the District amended the inclusion fee incremental refundable deposits to $5,000 from $10,000. No system development fees were received in 2013 or 2012.

Ridgeview Estates LLC

On July 24, 2008, the District entered into an inclusion agreement with Ridgeview Estates LLC (Ridgeview) associated with property known as the Ridgeview Estates Subdivision. Under the agreement, Ridgeview must provide adjudicated water rights associated with the 62.3 acre Ridgeview Estates Subdivision to the District through a Special Warranty Deed. Upon inclusion into the District, the District will provide water for 21 approximately 2.5 acre lots in the Ridgeview Estates Subdivision. Ridgeview is responsible for the construction of a single 8 inch looped water line (Water Improvements) in accordance with District specifications. Upon completion of the Water Improvements, Ridgeview shall convey the Water Improvements to the District. System development fees are to be collected on an equivalent residential unit basis on the properties within the Ridgeview Estates Subdivision. Ridgeview also agreed to post a fees deposit in increments of $5,000 as requested by the District to satisfy all District incurred costs from the start of the inclusion process to the completion of a final conveyance and acceptance agreement. Upon completion of the inclusion process, any remaining funds on deposit with the District shall be refunded to the Ridgeview. During 2013 and 2012 the District received $-0- system development fees related to this inclusion agreement.

NOTE 7 – WATER LEASE OPTION AGREEMENT

On January 23, 2007, the District entered into a water lease option agreement with Box Elder Creek Ranch Water Company (Box Elder). The agreement grants Box Elder an option to lease a portion of its Laramie-Fox Hills aquifer ground water available for specific uses. Each year this agreement is in effect, Box Elder shall pay to the District a reservation/lease fee of $7,500 per year, regardless of use, on or before January 10. The reservation/lease fee shall increase by the Denver-Boulder Consumer Price Index plus 1% compounded, annually. Box Elder shall

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NOTE 7 – WATER LEASE OPTION AGREEMENT (continued)

also reimburse the District for a proportional amount of the energy and administrative costs incurred by the District to pump the Laramie Water to the Box Elder stream bed for Box Elder's benefit. The District waived the CPI adjustments and collected lease revenue of $7,500 in 2013 and $7,500 in 2012 under this agreement.

On November 4, 2010 the agreement was amended to provide for the delivery of Laramie Water to Box Elder on a rolling three year schedule and provisions related to the District's SCADA system. Box Elder may install and connect to the District's SCADA System in the future at its option. If Box Elder chooses this option, it shall be responsible for any hard and soft costs associated with the installation of the system at its pond and recharge pond.

NOTE 8 - NET POSITION

The District's net position consists of three components – net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and, if applicable, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2013 and 2012, the District had $2,842,997 and $3,001,470, respectively, net investment in capital assets.

Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position consists of $16,500 and $16,400 as of December 31, 2013 and 2012, respectively, as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 10).

NOTE 9 - RISK MANAGEMENT

Except as provided by the Colorado Governmental Immunity Act, Section 24-10-101, et seq., C.R.S., as may be amended from time to time, the District may be 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 is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2013. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past four fiscal years.

The District pays annual premiums to the Pool for property, liability, public officials' liability, boiler and machinery, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members.

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.

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NOTE 10 - 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, revenue and debt limitations that 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 increases 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 the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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 District is of the opinion that its water activity enterprise, and all activities related thereto are carried on as an Enterprise within the meaning of TABOR and the Enterprise Act, C.R.S. 37-45.;1-01, et seq. The District's annual budget and financial statements are deemed by the District to be the annual budget and financial statements of the Enterprise.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions, including the calculation of fiscal year spending limits, growth factors, and qualification as an Enterprise, may require judicial interpretation.

On May 5, 1998, a majority of the District’s voters approved the following ballot question: Shall Greatrock North Water and Sanitation District taxes be increased $200,000 annually in the first full fiscal year by the imposition of a mill levy on all taxable property within the boundaries of the District, which mill levy shall generate not more than said annual amount in ad valorem property tax revenues for the District in the first full fiscal year for the purposes of the operation and maintenance of the District’s services and facilities; and shall the revenues generated by such taxes in each year thereafter be approved as an increased levy without regard to the tax increase limitation contained in Section 29-1-301, Colorado Revised Statutes, or any other tax increase limitation under any other law; and shall the revenue changes caused by the collection and spending of such tax revenues in every year be approved, permitting such tax revenues and any investment earnings thereon be collected and spent by the District without limitation or condition, and without limiting the collection or spending of any other revenues or funds by the District under Article X, Section 20 of the Colorado Constitution or any other law?

On May 6, 2008, a majority of the District’s voters approved the following ballot question: Shall Greatrock North Water and Sanitation District be authorized to retain all revenues generated by or from rates, fees, tolls, charges, specific ownership taxes, agreements with other local governments, grants from the state or from any local government, lottery distributions, and any other revenues generated or received by the District, including reduction in debt service, in 1998 and in all subsequent years (which amounts does not include revenues generated from ad valorem property taxes); and shall the District be authorized to spend such revenues and

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NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (continued)

investment income thereon as a voter-approved revenue change and an exception to and spending limitations which might otherwise apply?

On May 6, 2008, a majority of the District's voters approved the following ballot question: Shall Greatrock North Water and Sanitation District taxes be increased $300,000 annually (for collection in calendar year 2008) and by the additional amounts that are raised annually thereafter by the imposition of an ad valorem property tax levy of 35 mills for the purpose of paying the District's administration, operations and maintenance and other similar expenses, and shall the revenue from such taxes and any investment income thereon together with all revenue received prior to calendar year 2008 from imposition of the District's operations mill levy and any investment income thereon be collected, retained and spent by the District in each fiscal year prior to, through and including 2008 and thereafter as a voter-approved revenue changes without regard to any spending, revenue-raising, or other limitation contained within Articles X, Section 20 of the Colorado Constitution, the limits imposed on increased in property taxation by Section 29-1-301, C.R.S in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

NOTE 11 - ESTIMATED CLOSURE COSTS

The District utilizes two evaporation ponds (impoundments) as part of its water treatment waste management. The impoundments are classified as Type B and subject to the requirements of the Hazardous Material and Waste Management Division's (Division) *Regulations Pertaining to Solid Waste Sites and Facilities* (the Regulations*)*. Section 9.3.4 (F) and Section 1.8 of the Regulations requires the District to estimate the closure costs if the impoundments owned and used by the District were to be closed.

The District's engineer has provided an estimate of the closure costs based on the closure plan presented in the *Engineering, Design, and Operation Plan dated May 2013, Revision 2* submitted to the Division in May 2013. The closure plan follows a clean-in-place closure thereby eliminating the need for environmental covenant and post-closure care and costs. The closure costs were gathered from suppliers, contractors, and an internal database of historical project costs for the area. The estimates include the cost of engineering oversight, soil disposal, testing, liner removal and disposal, site grading, seeding, piping abandonment, erosion control as well as a contingency. As of December 31, 2012, the estimated closure costs for the impoundments are $341,690. As of the date of the audit report, the District has no plans or intentions nor has it been ordered to close the impoundments, therefore, no liability has been recorded on the financial statements of the District in connection with the estimated costs.

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SUPPLEMENTAL INFORMATION

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GREATROCK NORTH WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2013

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	$ 510,414	$ 509,506	$ (908)
Specific ownership taxes	30,625	37,829	7,204
Service charges - Greatrock	156,000	145,013	(10,987)
Service charges - Rocking Horse	117,000	103,478	(13,522)
Service charges - Box Elder	127,000	130,162	3,162
Irrigation lease revenue	7,500	7,500	-
Net investment income	2,025	2,728	703
Inclusion fees	-	2,504	2,504
Grant proceeds	-	3,000	3,000
Transfer from General Fund	60,000	52,000	(8,000)
Miscellaneous	2,000	1,354	(646)
Total Revenues	1,012,564	995,074	(17,490)
EXPENDITURES			
Administration and operations:			
Accounting	22,000	17,693	4,307
District management	55,000	65,005	(10,005)
Project management	3,800	2,473	1,327
Water rights development	52,000	22,434	29,566
Audit	8,500	7,300	1,200
Director fees	6,500	6,500	-
Utility billing	15,000	13,081	1,919
Insurance	15,600	16,316	(716)
Legal	49,850	53,973	(4,123)
Statuatory compliance	1,500	275	1,225
Website development	6,000	2,372	3,628
Elections	-	62	(62)
Miscellaneous	8,000	7,959	41
Engineering	31,440	34,753	(3,313)
Utilities	63,000	46,606	16,394
Testing and reporting	4,500	1,997	2,503
Plant supplies	7,000	3,656	3,344
Meter reading	3,400	6,094	(2,694)
Mileage	3,400	3,916	(516)
Well maintenance	-	533	(533)
Maintenance and repair	36,070	75,521	(39,451)
Facility painting	6,400	2,488	3,912
Concentrate disposal	10,000	6,042	3,958
Operator services	46,000	43,900	2,100
RTU Replacements	13,600	13,600	-
Payroll taxes	497	512	(15)
County treasurer's fees	4,543	4,537	6
Studies	-	13,878	(13,878)
Water meters	500	756	(256)
Landscape maintenance	10,800	8,200	2,600
Transfer to Debt Service Fund	60,000	52,000	8,000
Emergency reserve	46,895	-	46,895
Contingency	20,000	-	20,000

(Continued)

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GREATROCK NORTH WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2013

(Continued)

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget - Positive (Negative)
Debt Service:			
Paying agent fees	500	350	150
Legal	500	725	(225)
2007 GO Bonds interest	141,408	141,408	-
2010 GO Bonds principal	25,000	25,000	-
2010 GO Bonds interest	104,750	104,703	47
County treasurer's fees	3,113	3,109	4
Contingency	5,000	-	5,000
Capital Outlay:			
SCADA computer	10,000	9,142	858
Water rights development	60,000	2,727	57,273
Easements	500	-	500
Third evaporation pond	-	11,754	(11,754)
EDOP review	6,250	5,861	389
VFD in Greatrock North	10,000	5,341	4,659
Rules and regulations	3,000	3,444	(444)
Contingency	237,121	-	237,121
Total expenditures	1,218,937	847,996	360,597
REVENUES OVER (UNDER) EXPENDITURES	(206,373)	147,078	343,107
FUNDS AVAILABLE - BEGINNING OF YEAR	1,213,002	1,249,247	36,245
FUNDS AVAILABLE - END OF YEAR	$ 1,006,629	$ 1,396,325	$ 379,352

Funds available are computed as follows:

Current assets	$ 1,962,635
Current liabilities	(55,723)
Deferred inflows of resources	(510,587)
	$ 1,396,325

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GREATROCK NORTH WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2013

Revenue (budgetary basis)	$ 995,074
Transfer from General Fund	(52,000)
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position	943,074
Expenditures (budgetary basis)	847,996
Depreciation	220,141
Capital outlay	(52,237)
Transfer to Debt Service Fund	(52,000)
Bond principal payment	(25,000)
Bond insurance cost amortization	2,167
Original issue discount/premium amortization	(7,310)
Deferred loss on refunding amortization	20,712
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position	954,469
Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	$ (11,395)

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OTHER INFORMATION

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GREATROCK NORTH WATER AND SANITATION DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2013

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes Levied	Property Taxes Collected	Percentage Collected to Levied
2009	$ 12,061,080	35.000	$ 422,138	$ 398,952	94.5%
2010	$ 12,326,250	35.000	$ 431,419	$ 456,737	105.9%
2011	$ 12,050,510	42.500	$ 512,146	$ 515,286	100.6%
2012	$ 11,231,320	45.500	$ 511,025	$ 511,359	100.1%
2013	$ 11,217,880	45.500	$ 510,414	$ 509,506	99.8%
Estimated for year ending December 31, 2014	$ 10,900,660	46.840	$ 510,587		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

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