

EAST BOULDER COUNTY
WATER DISTRICT

FINANCIAL STATEMENTS

December 31, 2008

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2-6
Exhibit 1- Statement of Net Assets	7
<u>Exhibit 2</u> - Statement of Revenues, Expenses, and Changes in Net Assets	8
<u>Exhibit 3</u> - Statement of Cash Flows	9
Notes to Financial Statements	10-15
<u>Other Supplemental Information</u>	
<u>Schedule 1</u> - Schedule of Expenses	16
<u>Schedule 2</u> - Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)	17-18



INDEPENDENT AUDITORS' REPORT

July 15, 2009

Board of Directors
East Boulder County Water District
Boulder, Colorado

We have audited the accompanying basic financial statements of East Boulder County Water District (the "District") as of December 31, 2008, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Boulder County Water District at December 31, 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2-6 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements. The Schedule of Expenses and Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP Budgetary Basis) are presented for purposes of legal compliance and additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,


Watkins & Schommer, Inc.
Certified Public Accountants



America Counts on CPAs®

**East Boulder County Water District
Management Discussion and Analysis
For the Year Ended December 31, 2008**

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to also inform the reader on District financial issues and activities.

The Management Discussion and Analysis (MD&A) should be read in conjunction with the District's basic financial statement (beginning on page 7).

2008 Highlights - Business-Type Activities

- In 2008, net assets were \$1,937,118 or an increase of \$108,081 (5.9%) when compared to 2007.
- Total operating revenues increased to \$150,546 during 2008, which was \$7,193 or 5.0% more when compared to 2007.
- Total operating expenses were \$154,744 or an increase of \$13,174 (9.3%) in 2008 when compared to 2007.
- Net capital assets were \$1,526,310 in 2008 compared to \$1,560,225 in 2007 for a decrease of \$33,915 or 2.2%.
- Long-term debt decreased to \$1,575,000 during 2008, which was \$95,000 or 5.37% less when compared to 2007.

Using this Annual Report

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements include:

Statement of Net Assets - reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 7).

Statement of Revenues, Expenses and Changes in Fund Net Assets - reports the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 8).

Statement of Cash Flows - reports the District's cash flows from operating activities, investing, capital and non-capital activities. (See page 9).

Statement of Net Assets

The net assets of the District increased to \$1,937,118 during 2008, a \$108,081 increase over 2007. Capital assets decreased during 2008 from 2007 due to depreciation expense of \$33,915. Long-term debt decreased primarily as a result of the retirement of \$95,000 of bond principal on the 2000 General Obligation Bonds.

Year Ending December 31	<u>2008</u>	<u>2007</u>
Assets		
Current Assets	465,545	227,438
Capital Assets	1,526,310	1,560,225
Other Noncurrent Assets	<u>1,751,248</u>	<u>1,754,781</u>
Total Assets	<u>3,743,103</u>	<u>3,542,444</u>
Current Liabilities	340,985	138,407
Non-Current Liabilities	<u>1,465,000</u>	<u>1,575,000</u>
Total Liabilities	<u>1,805,985</u>	<u>1,713,407</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	(48,690)	(109,775)
Restricted:		
Debt Service	38,683	25,977
TABOR Emergency Reserve	4,700	4,626
Unrestricted		
Board Designated for Capital Improvements	109,820	57,586
Undesignated	<u>1,832,605</u>	<u>1,850,623</u>
Total Net Assets at December 31,	<u><u>1,937,118</u></u>	<u><u>1,829,037</u></u>

Review of Revenues

Year Ending December 31	2008	2007
Operating Revenues		
Water-Treated	146,076	136,267
Other Income	4,470	7,085
<u>Subtotal</u>	150,546	143,352
Non-Operating Revenues		
Property Taxes	203,082	195,253
Specific Ownership Taxes	12,403	13,453
Earnings on Investments	6,106	10,849
<u>Subtotal</u>	221,591	219,555
<u>Total Revenue</u>	372,137	362,907

Water sales were \$146,076 or 106.7% of budget and an increase of \$9,809 compared to 2007. Earnings on investments were down \$4,742 or (43.7%) when compared to 2007. Total revenues were up \$9,230 from 2007 primarily due to an increase in water revenues and approximately a \$9,809 increase in tax revenues.

Review of Expense

Year Ending December 31	2008	2007
Operating Expenses		
Operating Expenses	98,960	92,429
Administration and General Expenses	15,171	15,226
Engineering	6,698	-
Depreciation	33,915	33,915
<u>Total Expenses</u>	154,744	141,570

Total District expenditures were 16.6% under budget and up 9.3% from the previous year \$24,227 due primarily to no capital expenditures in 2008, \$6,694 increase in the cost of water purchased from Lafayette and a \$15,000 increase in principal paid on bonded debt. Operating expenses increased 7.1% in 2008 compared to 2007. Budget constraints held many costs even with the previous year or were down slightly.

Capital Contributions and Transfers

Year Ending December 31	2008	2007
Capital Contributions	30,457	-
Reimbursement of Contributions	(28,457)	-
<u>Net Contributions</u>	2,000	-

Capital Assets (Net of Depreciation) and Debt Administration

Year Ending December 31	2008	2007
Transmission and Distribution Lines	1,477,778	1,511,693
Construction in Progress	48,532	48,532
<u>Total</u>	1,526,310	1,560,225

Major additions in 2008 were:

There were no major construction projects during 2008.

Debt and Other Financial Obligations

The District long-term debt was \$1,575,000 and \$1,670,000 in 2008 and 2007, respectively. The decrease was due to the retirement of \$95,000 of the 2000 General Obligation Bonds during 2008. (See pages 14 and 15).

Contracts and Agreements

The District is a party to several contracts and cooperative agreements concerning the financing, acquisition, construction, operation, maintenance, and use of certain water facilities. According to the general counsel for the District, to the best of his knowledge, with the exception of the contracts and agreements referenced hereafter or set forth below, there are no contracts or agreements in effect which would potentially have a material, pecuniary adverse effect on the District.

City of Lafayette Agreement - Pursuant to a declaration of understanding with the City of Lafayette, Colorado, executed in May 2000, and amended in December, 2000, the City will provide the District with potable water via a master meter arrangement. The District will pay per tap for water taps pursuant to the Lafayette City Code and will pay in-city rates for water used through the master meter. The agreement provides for the City to withdraw from the agreement only after a lengthy Notice Period. The District may include additional properties and the City will provide water for them, provided they are within the boundaries of the original service area as described in the IGA. The original service area contains approximately 125 properties and is entirely residential single-family (or vacant land zone for such use). The December 2000 amendment specifies certain improvements the District will undertake and a schedule for those improvements. The improvements include additional storage tank capacity and the construction of some line connection loops.

Economic and Other Factors

Overall, the District has shown minor fluctuations in water revenues as a result of weather and economic demand. Water taps have been sold where new homes are constructed or infill inclusions are processed. The District's water rate structure is primarily organized on the principle of sufficiently marking up Lafayette's water rates so as to ensure the District will continue as a financially sound entity. Operating expenses have been consistent over the last few years and reflect only limited increases. Construction costs are primarily driven by the need to meet the aforementioned demands of the Lafayette IGA as well as to ensure stability of domestic and emergency supply.

Financial Contract

The District's financial statements are designed to present users (customers, citizens, creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information please contact the District at East Boulder County Water District, P.O. Box 18641, Boulder, Colorado 80308.

BASIC FINANCIAL STATEMENTS

**East Boulder County Water District
Statement of Net Assets
December 31, 2008**

ASSETS

Current Assets

Cash and Cash Equivalents	237,150
Accounts Receivable	11,817
Property Taxes Receivable	216,157
Prepaid Items	421
	465,545

Total Current Assets

465,545

Non-Current Assets

Bond Issuance Costs - Net	57,491
Distribution System - Net of Accumulated Depreciation	1,526,310
System Inclusion Fee	1,693,757
	3,277,558

Total Noncurrent Assets

3,277,558

Total Assets

3,743,103

LIABILITIES

Current Liabilities

Current Portion of Long-Term Liabilities	110,000
Accounts Payable	6,181
Accrued Interest Payable	8,294
Accrued Wages Payable	353
Deferred Revenue	216,157
	340,985

Total Current Liabilities

340,985

Non-Current Liabilities

General Obligation Bond Payable	1,465,000
	1,465,000

Total Liabilities

1,805,985

NET ASSETS

Net Assets

Invested in Capital Assets, Net of Related Debt	(48,690)
Restricted	
Labor Emergency Reserve	4,700
Debt Service	38,683
Unrestricted	
Board Designated for Capital Improvements	178,016
Undesignated	1,764,409
	1,937,118

Total Net Assets

1,937,118

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

East Boulder County Water District
Statement of Revenues, Expenses, and Changes in Net Assets
Year-Ended December 31, 2008

Operating Revenues

Water Sales	146,076
Other Income	4,470
	<u>150,546</u>

Total Operating Revenues

150,546

Operating Expenses

Operating Expenses	98,960
Administrative and General Expenses	15,171
Engineering	6,698
Depreciation	33,915
	<u>154,744</u>

Total Operating Expenses

154,744

Operating Loss

(4,198)

Non-Operating Revenues (Expenses)

Property Taxes	203,082
Specific Ownership Taxes	12,403
Earnings on Investments	6,106
Interest Expense	(108,111)
County Treasurer Fees	(3,051)
Paying Agent Fees	(150)
	<u>110,279</u>

Total Non-Operating Revenues (Expenses)

110,279

Income Before Contributions

106,081

Capital Contributions - Net

2,000

Change in Net Assets

108,081

Net Assets - Beginning of Year

1,829,037

Net Assets - End of Year

1,937,118

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

Exhibit 2

**East Boulder County Water District
Statement of Cash Flows
Year-Ended December 31, 2008**

	2008
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	139,746
Cash Paid to Suppliers	(147,443)
Other Operating Revenues	4,470
	(3,227)
<u>Net Cash From Operating Activities</u>	
<u>Cash Flows from Non-Capital Financing Activities</u>	
Taxes	215,485
County Treasurer Fees	(3,051)
	212,434
<u>Net Cash From Non-Capital Financing Activities</u>	
<u>Cash Flows from Capital and Related Financing Activities</u>	
Contributed Capital	2,000
Interest Expense	(104,578)
Principal Paid on Long-Term Debt	(95,000)
Acquisition of Capital Assets	-
Paying Agent Fees	(150)
	(197,728)
<u>Net Cash From Capital and Related Financing Activities</u>	
<u>Cash Flows from Investing Activities</u>	
Earnings on Investments	6,106
	6,106
<u>Net Cash From by Investing Activities</u>	
<u>Net Change in Cash and Cash Equivalents</u>	17,585
<u>Cash and Cash Equivalents - Beginning of Year</u>	219,565
<u>Cash and Cash Equivalents - End of Year</u>	237,150
<u>Reconciliation of Operating Income (Loss) to Net Cash From by Operating Activities</u>	
Operating Loss	(4,198)
Adjustments to Reconcile Operating Income (Loss) to Net cash Provided by Operating Activities	
Depreciation	33,915
Changes in Assets and Liabilities:	
Receivables	(17,712)
Prepaid Items	1,965
Accounts Payable	(27,764)
Accrued Interest Payable	(459)
Accrued Wages Payable	(356)
Deferred Revenue	11,382
	(3,227)
<u>Net Cash From Operating Activities</u>	
<u>Non-Cash Investing, Capital, and Financing Activities:</u>	
Amortization of Bond Issuance Costs.	3,533

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

Exhibit 3

EAST BOULDER COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 1 - Summary of Significant Accounting Policies

Form of Organization

East Boulder County Water District (the District) is organized under the provisions of Section 32-1-305 (6) C.R.S. It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all the powers thereof which included the power to levy taxes against property within the District.

Financial Reporting Entity

For financial reporting purposes, management has considered all potential component units. The District meets the criteria of an "other stand alone government" as defined in GASB NO. 14.

Basic Financial Statements

The District is a special-purpose government engaged only in business-type activities. For these governments, only enterprise fund financial statements are presented.

Basis of Accounting

The proprietary funds are accounted for on a flow of economic resources measurement focus. With the measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Revenues are recorded in the accounting period in which they are earned and become measurable; expenses are recorded in the period in which they are incurred and become measurable. Total net assets are segregated into amounts invested in capital assets, net of related debt, restricted for debt service and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreased (e.g., expenses) in net total assets. 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.

Operating Revenues and Receivables

Operating revenues are those revenues that are generated directly from the primary activity of the District. These revenues are water treatment and delivery service charges. The District is responsible for billing and collection of these charges on a monthly basis.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances are considered past due 30 days from the invoice date. Management provides an allowance for probable uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with the State Statutes. The budget is prepared on a basis consistent with generally accepted accounting principles except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues.

1. On or about October 15, the District staff submits to the Board of Directors 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.

EAST BOULDER COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

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 of Directors.
4. Unused appropriations lapse at the end of each year.
5. Budgeted amounts reported in the accompanying financial statements are as adopted and amended by the Board of Directors throughout the year. The following is a summary of the original budget, total revisions and revised for the year 2008:

	Original Budget	Total Revisions	Revised Budget
Enterprise Fund	170,950	-	170,950
Debt Service Fund	206,271	-	206,271
<u>District Total</u>	377,221		377,221

The following is a reconciliation of GAAP basis Change in Net Assets to budget basis Change in Net Assets:

<u>Changes in Net Assets</u>	108,081
Add: Depreciation	33,915
Less: Capital Outlay	-
Debt Principal Paid	(95,000)
<u>Budget Basis Revenues Over (Under)</u>	
<u>Budget Basis Expenditures</u>	46,996

Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

The District's investments are carried at fair value plus accrued interest with net appreciation or depreciation on investments included in earnings on investments.

EAST BOULDER COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Expenditures for maintenance and repairs are charged to operations as incurred. Property replacements and improvements, which extend the lives of assets, are capitalized and subsequently depreciated. Contributed assets are reported at their fair market value at the date received. Additions to capital assets during 2006 include no capitalized interest.

The provision for depreciation is computed using the straight-line method over the estimated useful lives of the assets. The lives used are as follows:

	<u>Years</u>
Distribution System	50

Depreciation expense total \$33,915 for the year ended December 31, 2008.

Intangible Assets

Issuance costs and discounts related to the 2000 general obligation bonds have been capitalized and are being amortized over the life of the bonds using the effective interest method based upon the amount of interest paid each year. Amortization of such fees totaled \$3,533 for the year ended December 31, 2008.

Note 2 - Cash and Cash Equivalents

Deposits

Colorado state statutes govern the entity's deposit of cash. For deposits in excess of \$250,000, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires the state regulators to certify eligible depositories for public deposit. The Act requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. 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 assets in the pool must be at least 102% of their uninsured deposits.

EAST BOULDER COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 2 - Cash and Cash Equivalents (Continued)

Deposits (Continued)

Cash deposits and investments held by the District at December 31, 2008 were as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
<i>Cash Deposits</i>		
Insured Deposits	33,578	30,721
Collateralized Deposits	<u>-</u>	<u>-</u>
Total Cash in Bank	33,578	<u><u>30,721</u></u>
Uncategorized:		
Colostrust	202,812	
Cash with County Treasurer	<u>760</u>	
Total Cash Deposits	<u><u>237,150</u></u>	

At December 31, 2008, the District had invested \$202,812 in the Colorado Local Government Liquid Asset Trust (the "Trust"), a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury Securities and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to www.colotruster.com.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2008 none of the District's deposits were exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through the Public Deposit Insurance Act.

Interest Rate Risk - Colorado Revised Statutes limit investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates.

EAST BOULDER COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 3 - Capital Assets

The following is a summary of Capital Assets as of December 31, 2008:

	Capital Assets 12/31/07	Additions	Deletions	Capital Assets 12/31/08
Capital assets, not being depreciated:				
Construction in progress	48,532	-	(48,532)	-
Total capital assets not being depreciated	48,532	-	(48,532)	-
Capital assets, being depreciated:				
Distribution system	1,695,760	48,532	-	1,744,292
Total capital assets, being depreciated	1,695,760	-	-	1,744,292
Less accumulated depreciation for:				
Distribution system	(184,067)	(33,915)	-	(217,982)
Total accumulated depreciation	(184,067)	(33,915)	-	(217,982)
Total capital assets being depreciated, net	1,511,693	(33,915)	(48,532)	1,526,310
Total capital assets, net	1,560,225	(33,915)	(48,532)	1,526,310

Note 4 - Long-Term Debt

\$1,995,000 March 1, 2000, general obligation bonds due in installments of \$110,000 in 2009, increasing to \$190,000 in 2019. Interest varies from 5.00% to 6.50%.

A summary of changes in debt is as follows:

	Balance 12/31/07	Additions	Debt Retired	Balance 12/31/08	Due Within One Year
2000 Revenue Bonds	1,670,000	-	95,000	1,575,000	110,000

EAST BOULDER COUNTY WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 4 - Long-Term Debt (Continued)

Future annual principal and interest requirements are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	110,000	99,528	209,528
2010	110,000	93,038	203,038
2011	115,000	86,438	201,438
2012	125,000	79,422	204,422
2013	130,000	71,735	201,735
2014-2018	795,000	222,925	1,017,925
2019	190,000	12,350	202,350
	<u>1,575,000</u>	<u>665,436</u>	<u>2,240,436</u>

Note 5 - Risk Management

The District is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for all risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeds commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

Note 6 - TABOR Compliance

In November 1992, Colorado voter passed an amendment (Amendment One) 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 District under specified voting requirements by the entire electorate.

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 District has set aside \$4,700 for emergencies as defined by TABOR.

The District 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.

OTHER SUPPLEMENTARY INFORMATION

**East Boulder County Water District
Schedule of Expenses
Year-Ended December 31, 2008**

Operating Expenses

Meter Reading	2,664
Miscellaneous	422
System Maintenance	3,196
Maintenance Labor	4,580
Utilities	5,377
Water Testing	375
Water Purchase	82,346

Total Operating Expense 98,960

Administrative and General Expenses

Audit	450
Bank Service Charges	77
Bookkeeping Fees	4,664
Due and Subscriptions	364
Director's Fees	2,850
Election Expense	345
Insurance	2,423
Legal	142
Meeting Expense	800
Office Expense	1,237
Payroll Taxes	639
Professional Development	1,180

Total Administrative and General Expenses 15,171

See accompanying Independent Auditors' Report.

Schedule 1

East Boulder County Water District
Schedule of Revenues and Expenses - Budget and Actual
(Non-GAAP Budgetary Basis)
Year-Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Water Enterprise Operations</u>				
<u>Revenues</u>				
Tap Fees	60,914	60,914	30,457	(30,457)
Standby Fee	4,500	4,500	4,314	(186)
Usage Charges	137,000	137,000	146,076	9,076
Other Fees and Charges	600	600	156	(444)
Earnings on Investment	14,000	14,000	6,078	(7,922)
Other Tax Revenue	10,000	10,000	12,403	2,403
	<u>227,014</u>	<u>227,014</u>	<u>199,484</u>	<u>(27,530)</u>
<u>Total Revenues</u>				
<u>Expenditures</u>				
Audit	500	500	450	50
Bank Charges	300	300	77	223
Bookkeeping	4,600	4,600	4,664	(64)
Dues and Subscriptions	500	500	364	136
Director's Fees	3,000	3,000	2,850	150
Election Expense	100	100	345	(245)
Engineering Fees	-	-	6,698	(6,698)
Insurance	3,400	3,400	2,423	977
Legal	2,000	2,000	142	1,858
Maintenance	4,000	4,000	3,196	804
Maintenance Labor	10,000	10,000	4,580	5,420
Meetings	800	800	800	-
Meter Reading	2,700	2,700	2,664	36
Miscellaneous	200	200	422	(222)
Office	1,500	1,500	1,237	263
Payroll Taxes	1,016	1,016	639	377
Professional Development	100	100	1,180	(1,080)
Tap Fees - Lafayette Share	-	-	28,457	(28,457)
Transfer to Capital Reserves	52,234	52,234	-	52,234
Utilities	6,000	6,000	5,377	623
Water Purchase	78,000	78,000	82,346	(4,346)
Water Testing	-	-	375	(375)
	<u>170,950</u>	<u>170,950</u>	<u>149,286</u>	<u>21,664</u>
<u>Total Expenditures</u>				
<u>Excess of Enterprise Revenues Over Expenditures</u>				
	<u>56,064</u>	<u>56,064</u>	<u>50,198</u>	<u>(5,866)</u>

See accompanying Independent Auditors' Report.

Schedule 2

East Boulder County Water District
Schedule of Revenues and Expenses - Budget and Actual
(Non-GAAP Budgetary Basis)
Year-Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Debt Services</u>				
<u>Revenues</u>				
Taxes	204,775	204,775	203,082	(1,693)
Earnings on Investment	28	28	28	-
<u>Total Revenues</u>	<u>204,803</u>	<u>204,803</u>	<u>203,110</u>	<u>(1,693)</u>
<u>Expenditures</u>				
Treasurer Fees	3,072	3,072	3,051	21
Paying Agent Fees	150	150	150	-
Interest Expense	108,049	108,049	108,111	(62)
Principal Paid	95,000	95,000	95,000	-
<u>Total Expenditures</u>	<u>206,271</u>	<u>206,271</u>	<u>206,312</u>	<u>(41)</u>
<u>Excess (Deficiency) of Debt Service Revenues Over Expenditures</u>	<u>(1,468)</u>	<u>(1,468)</u>	<u>(3,202)</u>	<u>(1,734)</u>
<u>Total District Revenues</u>	431,817	431,817	402,594	(29,223)
<u>Total District Expenditures</u>	<u>377,221</u>	<u>377,221</u>	<u>355,598</u>	<u>21,623</u>
<u>Excess of District Revenues Over Expenditures</u>	<u>54,596</u>	<u>54,596</u>	<u>46,996</u>	<u>(7,600)</u>

See accompanying Independent Auditors' Report.

Schedule 2