

PINE BROOK
WATER DISTRICT

FINANCIAL STATEMENTS

For the Years Ended
December 31, 2008 and 2007

Table of Contents

<u>FINANCIAL INFORMATION</u>	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-6
<u>Exhibit 1</u> - Statements of Net Assets	7-8
<u>Exhibit 2</u> - Statements of Revenues, Expenses, and Changes in Net Assets	9
<u>Exhibit 3</u> - Statements of Cash Flows	10-11
Notes to Financial Statements	12-18
<u>Other Supplemental Information</u>	
<u>Schedule 1</u> - Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)	19
<u>Schedule 2</u> - Schedule of Water Operating and Administrative and General Expenses	20
<u>Schedule 3</u> - Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected	21

INDEPENDENT AUDITORS' REPORT

April 16, 2009

Board of Directors
Pine Brook Water District
Boulder, Colorado

We have audited the accompanying basic financial statements of Pine Brook Water District (the "District") as of December 31, 2008 and 2007, 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 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 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 audits provide 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 Pine Brook Water District at December 31, 2008 and 2007, 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 3-6 is not a required part of the basic financial statements but is supplementary information required by the Governmental 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 audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information appearing on pages 19 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in cursive script that reads "Watkins & Schommer, Inc.".

Watkins & Schommer, Inc.
Certified Public Accountants

BASIC FINANCIAL STATEMENTS

PINE BROOK WATER DISTRICT
Statements of Net Assets
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	278,939	194,240
Accounts Receivable	31,897	31,001
Property Taxes Receivable	358,558	357,059
Inventory	14,512	14,150
Prepaid Insurance	11,272	13,403
	<hr/>	<hr/>
<u>Total Current Assets</u>	<u>695,178</u>	<u>609,853</u>
<u>Non-Current Assets</u>		
<u>Capital Assets</u>		
Property, Plant and Equipment, Net	7,618,055	7,555,746
<u>Other Assets</u>		
Bonds Costs, Net of Amortization	126,933	131,007
Lease Finance Charges, Net of Amortization	-	7,679
Revenue Note Finance Charges, Net of Amortization	16,259	-
	<hr/>	<hr/>
<u>Total Non-Currents Assets</u>	<u>7,761,247</u>	<u>7,694,432</u>
<u>Total Assets</u>	<u>8,456,425</u>	<u>8,304,285</u>

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

Exhibit 1

	<u>2008</u>	<u>2007</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Current Portion of Long-Term Liabilities	176,914	195,189
Accounts Payable	14,969	87,254
Payroll Taxes Payable	2,075	2,011
Accrued Expenses:		
Interest	89,268	88,609
Wages	12,087	11,282
Compensated Absences	1,986	4,020
Deferred Property Taxes	358,558	357,059
	<u>655,857</u>	<u>745,424</u>
<u>Total Current Liabilities</u>		
<u>Non-Current Liabilities</u>		
Lease Payable, Net of Current Portion	-	372,681
General Obligation Bonds and Revenue		
Note Payable, Net of Current Portion	5,295,106	4,825,000
	<u>5,295,106</u>	<u>5,197,681</u>
<u>Total Non-Current Liabilities</u>		
	<u>5,950,963</u>	<u>5,943,105</u>
<u>Total Liabilities</u>		
<u>NET ASSETS</u>		
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	2,146,035	2,162,876
Unrestricted	359,427	198,304
	<u>2,505,462</u>	<u>2,361,180</u>
<u>Total Net Assets</u>		

PINE BROOK WATER DISTRICT
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Operating Revenues</u>		
Water Sales	445,170	280,454
	<hr/>	<hr/>
<u>Total Operating Revenues</u>	445,170	280,454
	<hr/>	<hr/>
<u>Operating Expenses</u>		
Administrative and General	83,685	70,782
Water Operating Expenses	250,124	243,858
Depreciation	149,634	146,002
	<hr/>	<hr/>
<u>Total Operating Expenses</u>	483,443	460,642
	<hr/>	<hr/>
<u>Operating Loss</u>	(38,273)	(180,188)
	<hr/>	<hr/>
<u>Nonoperating Revenues (Expenses)</u>		
Property Taxes	372,417	378,639
Interest Income	4,160	5,363
Donations	48,850	16,974
Miscellaneous Income	200	-
Interest Expense	(242,572)	(232,160)
Paying Agent Fees	(500)	(500)
	<hr/>	<hr/>
<u>Total Non-Operating Revenues (Expenses)</u>	182,555	168,316
	<hr/>	<hr/>
<u>Income (Loss) Before Contributions</u>	144,282	(11,872)
	<hr/>	<hr/>
<u>Capital Contributions</u>	-	128,342
	<hr/>	<hr/>
<u>Change in Net Assets</u>	144,282	116,470
	<hr/>	<hr/>
<u>Net Assets at Beginning of Year</u>	2,361,180	2,244,710
	<hr/>	<hr/>
<u>Net Assets at End of Year</u>	2,505,462	2,361,180
	<hr/> <hr/>	<hr/> <hr/>

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

PINE BROOK WATER DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Cash Flows From Operating Activities</u>		
Cash Received From Customers	444,274	265,999
Cash Paid to Suppliers	(187,205)	(201,792)
Cash Paid to Employees	(140,070)	(132,029)
	<u> </u>	<u> </u>
<u>Net Cash Flows Provided (Used) by Operating Activities</u>	<u>116,999</u>	<u>(67,822)</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Property Taxes Received	372,417	378,639
Donations	48,850	16,974
Miscellaneous Income	200	-
	<u> </u>	<u> </u>
<u>Net Cash Provided by Noncapital Activities</u>	<u>421,467</u>	<u>395,613</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Capital Contributions	-	128,342
Proceeds from Revenue Note Payable	685,039	-
Acquisition and Construction of Capital Assets	(290,158)	(13,193)
Principal Paid on Long-Term Debt	(605,889)	(188,409)
Interest and Paying Agent Fees Paid	(229,401)	(228,645)
Paying Agent Fees	(500)	(500)
Fees Paid on Lease Purchase	(17,018)	-
	<u> </u>	<u> </u>
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>(457,927)</u>	<u>(302,405)</u>
<u>Cash Flows From Investing Activities</u>		
Interest Income	4,160	5,363
	<u> </u>	<u> </u>
<u>Net Cash Provided by Investing Activities</u>	<u>4,160</u>	<u>5,363</u>
<u>Net Change in Cash and Cash Equivalents</u>	84,699	30,749
<u>Cash and Cash Equivalents at Beginning of Year</u>	<u>194,240</u>	<u>163,491</u>
<u>Cash and Cash Equivalents at End of Year</u>	<u><u>278,939</u></u>	<u><u>194,240</u></u>

Exhibit 3 (Continued)

PINE BROOK WATER DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Reconciliation of Operating Income to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating Loss	(38,273)	(180,188)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	149,634	146,002
Changes in Assets and Liabilities:		
Receivables	(2,395)	(14,856)
Inventory	(362)	147
Prepaid Expenses	2,131	(176)
Accounts Payable	5,930	(15,235)
Payroll Taxes	64	(1,762)
Accrued Expenses and Deferred Revenue	270	(1,754)
<u>Net Cash Used by Operating Activities</u>	<u>116,999</u>	<u>(67,822)</u>
 <u>Noncash Investing, Capital and Financing Activities:</u>		
Capital Assets Acquired with Current Liabilities	(78,215)	78,215

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

PINE BROOK WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 1 - Summary of Significant Accounting Policies

Form of Organization

Pine Brook 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 powers thereof which include the power to levy taxes against property within the District.

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

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. 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. Fund equity (i.e., net total assets) is segregated into net assets invested in capital assets, net of related debt and unrestricted net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decrease (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.

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with 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.
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.

PINE BROOK WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

The total appropriated expenditures for the District was \$927,081 and there was no supplemental appropriations for 2008.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments 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.

Allowance for Doubtful Accounts

No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the District originate from charges to the owners of the District, and thus, bad debts are deemed unlikely.

Inventories

Inventories consisting primarily of operating supplies for water meter repair and installation have been valued at cost.

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. During 2008 and 2007, the District had no capitalized interest costs.

Property and equipment of the District is depreciated using the straight-line method over the following estimated useful lives.

	<u>Years</u>
Facilities	40
Transmission and Distribution System	10 to 50
Vehicles and Field Equipment	5 to 10
Other	5 to 20
Dam and Reservoir	100

PINE BROOK WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Other Assets

Debt issuance costs and discounts related to the Series 2004A General Obligation Bonds and 2008 Revenue Note, have been capitalized and are being amortized over the various lives of the debts using the straight-line method , which approximates the effective interest method. Amortization of such fees totaled \$5,156 and \$29,143 for the years ended December 31, 2008 and 2007 respectively.

Accrued Compensated Absences Payable

In accordance with the provisions of the Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability.

The District has recorded a liability of \$1,986 and \$4,020 at December 31, 2008 and 2007, respectively.

Contributions in Aid of Construction

Contributions of cash, transmission lines and water rights to Pine Brook Water District by developers, customers or by agreements with others are treated as capital contributions on the District's statement of revenues, expenses and changes in net assets.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulation of other governments.

If applicable, the District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 2 - Cash and Investments

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 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 group.

PINE BROOK WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 2 - Cash and Investments (Continued)

Deposits (Continued)

The market value of the assets in the pool must be at least 102% of their uninsured deposits.

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Obligations of the United States and certain U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

District policy is to hold investments until maturity.

Local Government Investment Pools

Pooled investment funds (trusts) are supervised by the participating governments and must comply with the same restrictions on cash deposits and investments explained in the preceding paragraphs. Investment funds or money market funds are not categorized because they are not evidenced by securities that exist in physical or book form.

Cash deposits and investments held by the District at December 31, 2008 and 2007 were as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Book</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>	<u>Book</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>
<i>Cash Deposits</i>				
Insured Deposits	250,000	250,000	100,000	100,000
Collateralized Deposits	<u>24,168</u>	<u>24,470</u>	<u>92,378</u>	<u>93,131</u>
Total Cash in Bank	274,168	<u>274,470</u>	192,378	<u>193,131</u>
Uncategorized:				
Cash with County Treasurer	<u>4,771</u>		<u>1,862</u>	
Total Cash Deposits	<u>278,939</u>		<u>194,240</u>	

PINE BROOK WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 2 - Cash and Investments (Continued)

Interest Rate Risk - The District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District'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, \$24,470 of the District's bank balance of \$274,470 was 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.

Note 3 - Capital Assets

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

	<u>Capital Assets 12/31/07</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Capital Assets 12/31/08</u>
Capital Assets, Not Being Depreciated:				
Water Rights	607,259	-	-	607,259
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>607,259</u>	<u>-</u>	<u>-</u>	<u>607,259</u>
Capital Assets, Being Depreciated:				
Reservoir	5,243,825	27,074	-	5,270,899
Wells & Water Systems	3,065,370	184,869	-	3,250,239
Firehouse	137,437	-	-	137,437
Meter-Read Equipment	82,254	-	-	82,254
Transportation	37,184	-	-	37,184
Office Equipment	29,298	-	-	29,298
Total Capital Assets, Being Depreciated	<u>8,595,368</u>	<u>211,943</u>	<u>-</u>	<u>8,807,311</u>
Less Accumulated Depreciation for:				
Reservoir	(102,242)	(53,105)	-	(155,347)
Well & Water Systems	(1,382,802)	(87,328)	-	(1,470,130)
Firehouse	(34,613)	(4,363)	-	(38,976)
Meter-Read Equipment	(82,254)	-	-	(82,254)
Transportation	(19,783)	(3,166)	-	(22,949)
Office Equipment	(25,187)	(1,672)	-	(26,859)
Total Accumulated Depreciation	<u>(1,646,881)</u>	<u>(149,634)</u>	<u>-</u>	<u>(1,796,515)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,948,487</u>	<u>(37,555)</u>	<u>-</u>	<u>7,010,796</u>
Capital Assets, Net	<u><u>7,555,746</u></u>	<u><u>(37,555)</u></u>	<u><u>-</u></u>	<u><u>7,618,055</u></u>

PINE BROOK WATER DISTRICT
Notes to Financial Statements
December 31, 2008

Note 4 - Long-Term Liabilities

The property owners of Pine Brook Water District, on May 4, 2004, approved a \$5,400,000 bond issue for construction of a water reservoir and related facilities. The interest rate on the bond varies from 2.1% to 4.625% and the final bond payment is due August 1, 2029. The District is authorized to collect up to \$420,000 annually for the purpose of paying the costs of the District debt issued for the water reservoir purposes. The mill levy shall be increased in any year without limitation as to rate, but only in an amount sufficient to pay the principal and interest of such debt and refunding debt. The mill levy was 13.09 mills for 2008.

In February 2007, the District entered into a lease purchase agreement with Wells Fargo Brokerage Services, LLC to purchase a new water treatment facility. The amount financed was \$509,500 and is to be paid in 10 annual installments through November 1, 2015 at an annual interest rate of 4.1%. The proceeds of the 2008 Enterprise Revenue Note were used to payoff this lease in full.

On May 23, 2008, the District issued a Enterprise Revenue Note Series 2008 in the amount of \$685,039. The note is a limited and special obligation of the District payable from all legally available revenues of the District from operations. The note is a twenty year obligation, which accrues interest at 4.65%, and is payable annually in the amount of \$52,000 principal and interest beginning November 1, 2008.

The annual requirements to amortized all bonds outstanding, excluding accrued compensated absences as of December 31, 2008, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	176,914	232,293	409,207
2010	182,933	227,090	410,023
2011	188,999	221,303	410,302
2012	195,115	214,990	410,105
2013	201,283	208,127	409,410
2014-2018	1,120,923	921,427	2,042,350
2019-2023	1,389,431	658,569	2,048,000
2024-2028	1,676,422	312,846	1,989,268
2029	340,000	15,725	355,725
<u>Total</u>	<u>5,472,020</u>	<u>3,012,370</u>	<u>8,484,390</u>

A summary of changes in debt is as follows:

<u>Outstanding Debt</u>	<u>Balance 12-31-07</u>	<u>Additions</u>	<u>Debt Retired</u>	<u>Balance 12-31-08</u>	<u>Due Within One Year</u>
2004 A Bond	4,975,000	-	(150,000)	4,825,000	155,000
2008 Revenue Note	-	685,039	(38,019)	647,020	21,914
2007 Lease	417,870	-	(417,870)	-	-
<u>Totals</u>	<u>5,392,870</u>	<u>685,039</u>	<u>(605,889)</u>	<u>5,472,020</u>	<u>176,914</u>

PINE BROOK WATER DISTRICT
Notes to Financial Statements
December 31, 2008

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 to mitigate their 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 te 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, excludes 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 is an Enterprise Fund and has no TABOR revenues and therefore has not set aside any monies 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

PINE BROOK WATER DISTRICT
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
For the Year Ended December 31, 2008
With Comparative Actual Amounts For Year Ended December 31, 2007

	<u>2008</u>		Variance with Final Budget Positive (Negative)	2007 Actual
	Original and Final Budget	Actual		
<u>Revenues</u>				
Water Sales	383,700	445,170	61,470	280,454
Property Taxes, Net of Fees	357,059	350,791	(6,268)	354,064
Specific Ownership Taxes, Net of Fees	15,000	21,626	6,626	24,576
Interest Income	1,000	4,160	3,160	5,363
Miscellaneous Income	75,000	49,050	(25,950)	16,974
Capital Contributions	-	-	-	128,342
Loan Proceeds	-	685,039	685,039	-
Transfer From Prior Years Reserves	95,322	-	(95,322)	-
<u>Total Revenues</u>	<u>927,081</u>	<u>1,555,836</u>	<u>628,755</u>	<u>809,773</u>
<u>Expenditures</u>				
Water Operating Expenses	309,000	250,124	(58,876)	243,858
Administrative and General Expenses	74,700	83,685	8,985	70,782
Debt Service and Related Expenditures				
Bond Principal	150,000	150,000	-	145,000
Interest Expenses	205,807	229,401	23,594	210,233
Paying Agent Fees	1,350	500	(850)	500
Note Principal Paid	-	38,019	38,019	-
Lease Payments	62,322	417,870	355,548	62,322
Capital Expenditures System	25,500	211,940	186,440	30,233
Improvements/Replacements				
Equipment-Office & Tools	2,500	-	(2,500)	-
Reservoir	75,000	-	(75,000)	-
Reserves	20,902	-	(20,902)	-
<u>Total Expenditures</u>	<u>927,081</u>	<u>1,381,539</u>	<u>(454,458)</u>	<u>762,928</u>
<u>Excess of Revenues Over Expenditures</u>	<u>-</u>	<u>174,297</u>	<u>174,297</u>	<u>46,845</u>
<u>Reconciling Items</u>				
Capital Expenditures		211,940		30,233
Depreciation and Amortization		(162,146)		(151,157)
Bond Principal		150,000		145,000
Note Principal		38,019		-
Lease Principal		417,870		43,409
Loan Proceeds		(685,039)		-
Interest Accrual		(659)		2,140
<u>Change in Net Assets GAAP Basis</u>		<u>144,282</u>		<u>116,470</u>

See the accompanying Independent Auditors' Report.

PINE BROOK WATER DISTRICT
Schedule of Water Operating and Administrative General Expenses
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Water Operating Expenses</u>				
Operating Supplies	2,480	0.74	2,800	0.89
Repairs and Maintenance	57,075	17.10	42,245	13.43
Reservoir Maintenance	3,928	1.18	5,612	1.78
Other Water Operating Expense	1,846	0.55	756	0.24
Professional Fees	744	0.22	7,400	2.35
Salaries	138,195	41.40	132,474	42.10
Small Equipment	3,471	1.04	2,821	0.90
Utilities	40,975	12.27	41,952	13.33
Water Storage Fee	<u>1,410</u>	<u>0.42</u>	<u>7,798</u>	<u>2.48</u>
<u>Total Water Operating Expenses</u>	<u>250,124</u>	<u>74.92</u>	<u>243,858</u>	<u>77.50</u>
<u>Administrative & General Expenses</u>				
Auditing and Accounting	3,800	1.14	4,850	1.54
Bank Charges	301	0.09	175	0.06
Employee Benefits	29,525	8.84	24,498	7.79
Employee Training	2,721	0.82	1,181	0.38
Insurance	19,162	5.74	20,869	6.63
Legal	3,910	1.17	-	-
Office Supplies and Expenses	9,148	2.74	6,757	2.15
Other	4,122	1.24	1,956	0.62
Taxes-Payroll	<u>10,996</u>	<u>3.30</u>	<u>10,496</u>	<u>3.33</u>
<u>Total Administrative and General Expenses</u>	<u>83,685</u>	<u>25.08</u>	<u>70,782</u>	<u>22.50</u>

See the accompanying Independent Auditors' Report.

PINE BROOK WATER DISTRICT
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected
For the Seventeen Years Ended December 31, 2008

<u>Year Ended</u> <u>December 31</u>	<u>Prior</u> <u>Year Assessed</u> <u>Valuation for</u> <u>Current Year</u> <u>Tax Levy</u>	<u>Mill Levied</u> <u>(All Funds)</u>	<u>Total Property Taxes</u>		
			<u>Levied</u>	<u>Collected</u> <u>Currently</u>	<u>Percent</u> <u>Collected</u> <u>To Levied</u>
2008	27,277,270	13.090	357,059	355,682	99.61
2007	25,281,930	14.109	356,703	356,703	100.00
2006	25,334,650	14.00	354,685	353,236	99.59
2005	24,160,870	13.37	322,910	322,694	99.93
2004	24,111,540	5.80	139,726	139,439	99.79
2003	23,013,540	5.82	133,939	133,323	99.54
2002	22,957,920	6.11	140,273	138,163	98.50
2001	18,573,210	7.80	144,871	145,135	100.18
2000	18,573,270	7.49	139,114	139,062	99.96
1999	16,514,970	7.70	127,149	127,326	100.14
1998	16,427,650	8.38	137,664	139,583	101.39
1997	16,459,510	8.86	146,794	146,776	99.99
1996	16,442,720	8.86	145,682	145,551	99.91
1995	13,429,730	11.00	147,727	147,727	100.00
1994	13,164,770	7.42	97,730	97,635	99.90
1993	11,892,650	7.42	88,279	88,197	99.91
1992	11,554,090	7.42	85,697	85,627	99.92

See the accompanying Independent Auditors' Report.