

FINANCIAL STATEMENTS  
FOR THE 12 MONTH PERIODS ENDED  
December 31, 2015 and 2014

Prepared for:

**SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.**

P.O. Box 1398  
Freeland, WA 98249

Prepared by:

Karen Johnson  
Treasurer  
P.O. Box 1398  
Freeland, WA 98249

February 3, 2016

**SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.**

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**Sun Vista/Sunlight Beach Home Owners Association  
Audit Committee**

Date: April 11, 2016

To: The Board of Directors  
Sun Vista/Sunlight Beach Property Owners Association  
PO Box 1398  
Freeland, WA 98249

Re: Audit Report for the twelve months ending December 31, 2015

Members of the Board,

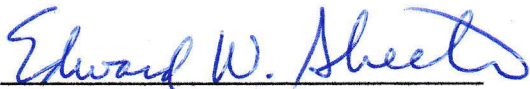
We have examined the accompanying balance sheet of Sun Vista/Sunlight Beach Property Owners Association and the related statements of revenues, expenses and changes in fund balances and cash flows for the period ending December 31, 2015.

We have examined such records and performed such analytical procedures to the financial data as we deemed necessary in order to be able to express an opinion thereon. Our examination pertains to the accounting records of both the operating and capital accounts. We did not physically examine the fixed assets such as the water system mains, reservoirs or other equipment.

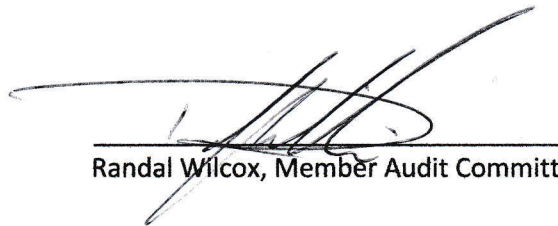
Based on our examination, we are not aware of any material modifications that should be made to the accompanying financial statements.

The Committee members are volunteers and none of us are accountants by profession. We do not consider our work to be performed to the level of generally accepted auditing standards. We are not independent with regard to Sun Vista/Sunlight Beach Home Owners Association.

Yours truly,



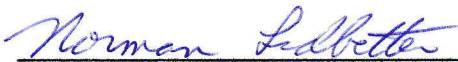
Edward Sheets, Member Audit Committee



Randal Wilcox, Member Audit Committee



Judy Gray, Member Audit Committee



Norman Ledbetter, Acting Finance Director/Chair Audit Committee

**Sun Vista/Sunlight Beach Water System**  
**Statements of Financial Position**  
As of December 31, 2015 and 2014

	TOTAL	TOTAL
	As of Dec 31, 2015	As of Dec 31, 2014
<b>ASSETS</b>		
<b>Cash at end of period</b>		
Money Market - Assessment fees	\$ 14,670	\$ -
Checking account	20,517	7,619
Savings account	44,865	44,850
<b>TOTAL CASH</b>	<b>\$ 80,052</b>	<b>\$ 52,469</b>
<b>Accounts Receivable water</b>	<b>7,253</b>	<b>5,265</b>
<b>Accrued Q4 Usage fees</b>	<b>4,388</b>	<b>3,781</b>
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 91,693</b>	<b>\$ 61,515</b>
<b>Water system</b>		
Orig system purchase price 1990	45,350	45,350
Capital improvements 1991 - 2014	833,780	833,780
Capital improvements 2015	1,658	-
Office equipment	1,260	1,260
<b>TOTAL IMPROVEMENTS/EQUIPMENT</b>	<b>882,048</b>	<b>880,390</b>
Less: Accumulated amortization	(26,712)	(25,193)
Accumulated depreciation	(419,759)	(395,130)
<b>TOTAL ASSETS</b>	<b>\$ 527,269</b>	<b>\$ 521,582</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts Payable	\$ 1,097	\$ 5,325
Accrued expenses	1,757	1,434
<b>TOTAL LIABILITIES</b>	<b>\$ 2,854</b>	<b>\$ 6,759</b>
<b>NET ASSETS</b>		
<b>Unrestricted</b>		
Water Operations	\$ 58,138	\$ 37,082
Purchase & Replacement Reserve	451,607	477,741
Temporarily restricted	14,670	-
<b>Total net assets</b>	<b>\$ 524,415</b>	<b>\$ 514,823</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 527,269</b>	<b>\$ 521,582</b>

# Sun Vista/Sunlight Beach Water System

## STATEMENTS OF ACTIVITIES

Year Ended December 31, 2015

(With Comparative Totals for the Year Ended December 31, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Purchase &amp; Replacement Reserve</u>	<u>TOTAL</u> For the 12 months ended 12/31/15	<u>TOTAL</u> For the 12 months ended 12/31/14
<b>INCOME</b>					
Water Fees - Quarterly connection charge	\$ 45,080			\$ 45,080	\$ 41,860
Water Fees - Usage	\$ 25,883			\$ 25,883	\$ 18,578
Quarterly assessment - filtration system		\$ 14,670		14,670	
Interest - on bank savings account	19		15	34	22
<b>TOTAL INCOME</b>	<u>\$ 70,982</u>	<u>\$ 14,670</u>	<u>\$ 15</u>	<u>\$ 85,667</u>	<u>\$ 60,438</u>
<b>EXPENSES</b>					
Operating					
Amortization (est)			1,520	\$ 1,520	1,531
Depreciation (est)			24,629	\$ 24,629	24,507
Taxes - B&O/Public Utility	3,513			\$ 3,513	2,953
Purchased power	2,936			\$ 2,936	3,063
Contract services - Operator (est)	10,812			\$ 10,812	10,900
System Supplies	741			\$ 741	
System emergency repair/replacement	5,574			\$ 5,574	9,888
System repair - scheduled	7,718			\$ 7,718	1,458
Landscaping	1,385			\$ 1,385	1,130
Bank charges	30			\$ 30	
Bookkeeping service	3,912			\$ 3,912	4,406
Accounting software	561			\$ 561	434
President fee	2,400			\$ 2,400	2,400
Treasurer fee	2,400			\$ 2,400	2,400
Directors fees	2,400			\$ 2,400	4,700
Tax preparation - CPA	-			\$ -	500
Professional fees - Appraisals	-			\$ -	8,692
Web site fees/maintenance	81			\$ 81	64
Insurance	3,694			\$ 3,694	3,889
Regulatory fees	483			\$ 483	428
Education and training	-			\$ -	48
Copying, printing, office supplies	497			\$ 497	714
Postage	530			\$ 530	779
Record storage	300			\$ 300	300
Special/Annual meeting	(42)			\$ (42)	343
<b>TOTAL EXPENSES</b>	<u>\$ 49,925</u>	<u>\$ -</u>	<u>\$ 26,149</u>	<u>\$ 76,074</u>	<u>\$ 85,527</u>
<b>NET INCOME(LOSS)</b>	<u>\$ 21,057</u>	<u>\$ 14,670</u>	<u>\$ (26,134)</u>	<u>\$ 9,593</u>	<u>\$ (25,089)</u>

# Sun Vista/Sunlight Beach Water System

## STATEMENTS OF CASH FLOWS

For the Twelve Month Periods ended December 31, 2015 and 2014

	Water System			TOTAL	TOTAL
	Water Operating Unrestricted Fund	Purchase & Replacement Fund	Temporarily Restricted Filtration Upgrade Fund	As of Dec 31, 2015	As of Dec 31, 2014
<b>Cash flows from operating activities</b>					
Net income (loss)	\$ 21,057	\$ (26,134)	\$ 14,670	\$ 9,593	\$ (25,089)
Add back non-cash expenses					
Amortization		1,520		\$ 1,520	1,531
Depreciation		24,629		\$ 24,629	24,507
(Increase) Decrease in:					
A/R water fees	(2,595)			\$ (2,595)	520
Prepaid expenses	-			-	-
Increase (Decrease) in:					
Accounts payable	(4,229)			\$ (4,229)	(4,755)
Accrued expenses	323			\$ 323	(1,075)
<b>Net cash provided ( used) by operations</b>	<b>\$ 14,556</b>	<b>\$ 15</b>	<b>\$ 14,670</b>	<b>\$ 29,241</b>	<b>\$ (4,360)</b>
<b>Cash flows from investing activities</b>					
Water system equipment acquisitions	(1,658)			\$ (1,658)	(1,141)
<b>Net cash used in investing activities</b>	<b>\$ (1,658)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,658)</b>	<b>\$ (1,141)</b>
<b>Net change in cash</b>	\$ 12,898	\$ 15	\$ 14,670	\$ 27,583	\$ (5,501)
<b>Cash, beginning of year</b>	7,619	44,850	-	52,469	57,970
Transfers between funds for operating expense and equipment purchase	0	0	0	0	0
<b>Cash, end of year</b>	<b>\$ 20,517</b>	<b>\$ 44,865</b>	<b>\$ 14,670</b>	<b>\$ 80,052</b>	<b>\$ 52,469</b>

**NOTE A - NATURE OF ORGANIZATION**

SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC. was incorporated on October 4, 1990, in the State of Washington. The Association is responsible for the operation and maintenance of the SUN VISTA/SUNLIGHT BEACH WATER SYSTEM, a community water system currently serving member water users as follows:

	Billable for Water Fees	Billable for Improvement Charges
	-----	-----
Original water connections authorized 9/90	123	123
Additional connections authorized 7/94	34	34
Additional connections authorized 1/96	<u>37</u>	<u>37</u>
Total connections now authorized	194	194
Less connections sold as of 12/31/08	-163	-163
Less connections reserved for Kohlwes Trust easement	-10	-10
Less Hanify lot connection reserved per deed	<u>- 1</u>	<u>- 1</u>
Total unsold water connections	<u>20</u>	<u>20</u>
Water connections sold as of 12/31/10	163	163
Less water credits per original system easement:	-2	-2
H. Kohlwes, R. Kohlwes, (M. Sanders – sold)		
Less other adjustments - Hanify	<u>0</u>	<u>0</u>
NET CASH PAYING CONNECTIONS	<u>161</u>	<u>161</u>

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

BASIS OF ACCOUNTING The Association prepares its financial statements on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred. Transactions are classified according to the existence or absence of restrictions.

BASIS OF PRESENTATION The accompanying financial statements have been prepared to present the financial position and activities of the Association according to two classes of net assets – unrestricted and temporarily restricted as follows:

Unrestricted Net Assets

Water Operations Fund - This fund is used to account for financial resources available for the general operation and maintenance of the water system.

Water System Capital Purchase & Replacement Fund - This fund is used to accumulate financial resources designated for the original system purchase, major repairs, and improvements to the water system.

Temporarily Restricted Net Assets – Represents net assets from the quarterly assessment approved by the Members in June 2015 for the purpose of upgrading the filtration system. Funds spent for these purposes will be reported as net assets released from restrictions, itemized on the Statement of Activities.

MEMBER WATER FEES During the first six (6) months of 2015 water fees and assessment charges were billed in the first month of each quarter. The quarterly connection charge was a flat fee of \$65.00.

Water usage fees were charged for cubic feet (CF) of water used as follows:

- \$1.00 per 100 CF for up to 1,000 CF;
- \$2.00 per 100 CF for 1,001 CF to 3,500 CF;
- \$4.00 per 100 CF for 3,501 CF to 7,000 CF;
- \$6.00 per 100 CF for 7,001 CF to 10,500 CF; and
- \$12.00 per 100 CF for usage above 10,500 CF

SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS --- for the period ended 12/31/2015

During the last six (6) months of 2015, pursuant to a rate increase approved by the Membership at the June 2015 annual meeting, the rates were changed as follows:

Quarterly connection charge: \$75

Water usage fees charged for cubic feet (CF) of water used as follows:

\$1.00 per 100 CF for up to 1,500 CF;

\$5.00 per 100 CF for 1,500 CF to 2,999 CF;

\$15.00 per 100 CF for usage of 3,000 CF and above

MEMBER ASSESSMENT At the June 2015 annual meeting, pursuant to resolution, discussion and vote, the Members voted to assess all property owners \$45.00 quarterly, beginning July 1, 2015 through December 31, 2020 for the purpose of upgrading the filtration system to meet Federal and State water purity requirements for all wells, whether pumped together or individually, to provide water to the Association.

INTEREST INCOME Interest income is allocated to the appropriate fund based on interest-bearing deposits.

#### TAXES

Federal Income Tax: Homeowners' associations can be taxed as regular corporations or as homeowners' association. The Association has elected to be taxed as a homeowners' association for the year ended December 31, 2015.

Under that election, the Association is taxed only on its nonexempt function income (such as investment interest earnings less certain deductions) at a flat rate of 30%. Exempt function income (such as membership (water) fees, dues, and assessments) is excluded from taxation.

For the years 2003 and 2004, \$5,000.00 was transferred each year from the Water Operating Fund to the Capital Fund to avoid federal income tax on the excess of revenue over expenses for the respective years as shown in the Operating Fund statements for those periods. For the year 2005, \$4,000.00 was transferred. For the years 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014 and 2015, there were no transfers of funds.

For the year 2015, Form 1120-H was filed in February 2016. There was no federal income tax due for the year 2015.

State of WA Business & Occupation Tax and State Public Utility Tax: Business & Occupation Tax is assessed on the hookup charge portion (\$1,000.00) of the Connection fee - less an annual tax credit of \$421.00. There was no B&O Tax due for the years 2015 and 2014.

Public Utility Tax (PUT) is assessed on the quarterly cash receipts derived from the sale of water to customers at the rate of 5.029%, if that income exceeds \$24,000.00. PUT of \$3,513 and \$2,953 were incurred for the years 2015 and 2014 respectively.

#### WATER RIGHTS, EASEMENTS, WATER SYSTEM CONSTRUCTION AND DEPRECIATION

The Association capitalizes all water rights, easements and water system construction to which it holds title or other evidence of ownership.

Water rights, easements and water system construction are recorded at cost. Depreciation and amortization are computed over the estimated useful lives (5 years to 50 years) using the straight-line method. See Depreciation Schedule by Category, pages 11 through 13, attached.

The original water system purchase easement agreement stipulates that free water and water-hookup charges will be provided to two members of the Kohlwes family (Maxine Sanders sold her home in June 2009 and no longer qualifies for free water). These hookups are billed for water fees and improvement



charges. A credit for the water fees is issued against the fee incurred for water consumed, to easement expense, with a net effect of no amount due for water consumed. These accounts are billed for assessments to the water system. These revenues and expenses for water consumed offset one another in the financial statements.

The Grant of Easement and Agreement dated November 23, 1992 ("Agreement") with the Kohlwes Trust ("Trust") provides that the Association will grant 10 hookups to the Trust. These hookups are now reserved. The Trust is not required to pay any present or future hook up fees, special assessments, or other costs, occurring prior to the connection of these granted hook-ups to the water system. Once a property is designated by the Trustee to be physically connected to the water system of the Association, and that hook up commences to use water, then that property shall be subject to pay the ordinary and normal charges for water as are paid by all users of the water system including any assessments, connections fee and other charges accruing there-after.

Further, in accordance with the Agreement and upon written notice dated and effective September 30, 1994, the Trust is required to pay to the Association the minimum charge which is charged by the Association to those properties which are served by a water hook up right. In return, the Trust shall receive additional payments from the Association, as "additional compensation," the amount of \$10 per month for each of the ten (10) water hook-up rights.

The Association's contractual agreement with the Kohlwes Trust requires the above payments between the Kohlwes Trust and the Association for which the amount due the Association is in excess of the amount owed to the Kohlwes Trust. Once the amount due and collectable from the Kohlwes Trust has been calculated, the Association will include that amount as income and retained earnings in its financial statements.

#### ESTIMATES

Preparation of financial statements in conformity with generally accepted accounting principals requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **NOTE C - FUTURE MAJOR REPAIRS, REPLACEMENTS AND LONG TERM FUNDING**

The Association requires that funds be accumulated for future major repairs and replacements. A major emergency repair fund of approximately \$45,000.00 is earmarked and held in the savings account along with other accumulated Replacement funds. Additional replacement funds are held in the checking account and may be transferred from time to time to the savings account.

#### REPAIRS & REPLACEMENTS:

The Association intends to fund major repairs and replacements over a number of years. Actual expenditures have varied from estimated amounts. Such variations may continue and may prove to be significant. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs.

If additional funds are needed, the Association has the right to increase regular assessments, to levy special assessments (subject to member approval), to borrow money, or to delay major repairs and replacements until funds are available.

#### Schedule of system purchase and improvement costs to date:

1990	actual cost	\$ 45,350	System purchase
1991	actual cost	51,527	Replace transport lines well to storage, short main down hill, upgrade storage tanks, etc.

SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS --- for the period ended 12/31/2015

1992 actual cost	60,835	New well, upgrade old well, etc. Well house, well plumbing and controls, Sunlight Beach - replace eastern 1000' of water main with new 6" main.
1993 actual cost	7,059	Replace pump, pump controls, standpipes & system drain, install meters.
1994 actual cost	9,491	Magnetic switches & starters, two 7.5 HP well pumps, two check valves, 24 hour pump test.
1995 actual cost	50,979	Water meters, Ozonator filter, Sun Vista blow-off.
1996 actual cost	214,600	Sunlight, Dassel, and Lincoln street 8" replacement mains and 8" Sun Vista pressure line to Ireton Lane.
1997 actual cost	71,543	Sun Vista generator/engineering/bid prep/electrical/et al Sun Vista pressure tanks/electric/plumbing/roof/et al, meters
1998 actual cost	6,892	Meters, boxes & setters/hypo chlorinator & engineering/reservoir fill line check valve/landscape generator.
1999 actual cost	1,937	Meters, Hypo-Chlorinator & engineering, Oz filter improvements engineering estimate for SV main replacement and hydrants.
2000 actual cost	3,099	Booster pump station upgrade
2001 actual cost	103,807	Contractor, engineer and other costs for SV main replacement, hydrants and meters.
2002 actual cost	1,862	Other engineering, generator shed and generator cover.
2003 actual cost	1,399	Pressure system booster pump upgrade bid
2004 actual cost	27,427	Four 5.5hp booster pumps & mag starters/piping/controls/motor protectors & reservoir water level controls/piping/electrical.
2005 actual cost	15,329	Booster tanks-air charger, well #1 7.5 HP pump & controller, Oz filter generator/J tube/check valve, well #1 jet cleaning
2006 actual cost	623	Upgrade well piping for combined pumping
2007 actual cost	8,503	Auto dialer, reservoir material test, submersible tank pump.
2008 actual cost	121,918	New reservoir, well generator, air charger, 7.5hp pump, auto dialer
2009 actual cost	22,305	Reservoir construction & interconnect, Oz filter improvements
2010 actual cost	10,362	New pump well #1, Oz: filter power head #2, Oz tank release valves
2011 actual cost	20,240	Clean and reline Tank #2; Well house fencing
2012 actual cost	15,902	Pump house fence; water level monitoring equipment; reroof wellhouse and generator; landscaping around reservoirs.
2013 actual cost	5,000	Engineering study for Wellhead Protection Area
2014 actual cost	1,141	4 risers for retention tanks
2015 actual cost	1,658	Pump house fencing

Total                    \$ 880,788 System costs

For future improvements – see the Six Year Budget.

**NOTE D – PRIOR NOTES PAYABLE AND ACCRUED INTEREST**

'93 Notes payable and accrued interest: To pay for the purchase of the water system and improvements the Association borrowed \$116,000.00 by issuing unsecured promissory notes and an additional \$3,916.64 by securing permission from some note holders to defer payment of the 12/31/91 interest due on those notes. All '93 notes have been called and the notes along with the associated deferred and current interest payments have been canceled by cash payment or by off-set against the \$1,300.00 special assessment.

'94 Notes payable and accrued interest: To pay for the engineering and other costs associated with the unsuccessful RDA loan application, ten thousand dollars (of the \$50,000 authorized) worth of promissory notes were issued June 1, 1994 at an annual interest rate of 8.0%. All '94 notes were paid off on May 31, 1995.

SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS --- for the period ended 12/31/2015

'97 Notes payable and accrued interest: To pay for the Sun Vista pressure system generator and replace the old pressure tanks, promissory notes were issued as of April 1, 1997 in the amount of \$17,000.00 and September 1, 1997 in the amount of \$6,000.00 for a total of \$23,000.00 at an annual interest rate of 8.0%. \$15,000 of the '97 notes was paid off on December 31, 1998; the balance of the notes was paid off December 31, 1999.

'08 Notes payable and accrued interest: As of September 1, 2008, \$30,000 of 8% Notes were issued to subscribing members of the water system to assure completion of the reservoir construction. These notes were paid off in April 2009.

#### **NOTE E - SPECIAL ASSESSMENTS**

1992 Assessment: A \$1,300 Special Assessment was passed at the June 1992 annual membership meeting and became due and payable on September 30, 1992 by payment of cash or offset against Association notes and interest payable. All \$1,300 assessments have been paid.

1995 Assessment: A special assessment of \$1,500.00 for capital improvements was passed at the annual meeting on June 24 1995. Payment was due by September 30, 1995. For those members unable to pay cash, the assessment was paid by increasing the quarterly improvement charge to \$90.00 (which included interest at 10%) for the next five and one-half years, or upon sale of the property if that occurred first. All \$1,500 assessments have been paid.

2001 Assessment: A special assessment of \$300.00 for capital improvements was passed at the annual meeting on June 23, 2001. Payment was due by July 30, 2001. For those members unable to pay cash, the assessment was paid by increasing the quarterly billing charge by \$90.00 (which will included interest at 10%) until the assessment was paid off, or upon sale of the property if that occurred first. All \$300 assessments have been paid.

2008 Assessment: A special assessment of \$1,000.00 for the reservoir construction was passed at the annual meeting on June 14, 2008. Payment was due September 1, 2008. The usual \$90.00 per quarter payment plan plus interest at 10% was offered to those unable to pay cash. All such assessments have been paid as of 12/31/12.

2015 Assessment A special assessment was passed at the June 2015 annual membership meeting. The assessment is for improvement to the filtration system to meet Federal and State water purity requirements for all wells, whether pumped together or individually, to provide water to the Association. This assessment will be billed in the amount of \$45 per quarter from July 2015 through December 2020.

#### **NOTE F - HISTORY OF WATER FEES, IMPROVEMENT CHARGES, AND HOOKUP FEES**

Through the second quarter of 1993 the combined water charge was (water fee \$10 + improvement charge \$0) for a total of ten dollars (\$10) per month.

Starting in the third quarter of 1993, the combined water charge was (water fee \$10 + improvement charge \$10) for a total of twenty dollars (\$20) per month.

Starting July 1, 1995, for customers unable to pay their \$1,500.00 assessment by that date, the Association voted to increase the combined water charge to an amount not in excess of forty dollars (\$40) per month (water fee \$10 + assessment charge \$30) for a total of \$120.00 per quarter. When the \$1,500.00 assessment was paid in full, the monthly assessment charge was eliminated.

Increasing water system operating costs required an increase in the flat rate water fee from \$30.00 to \$40.00 per quarter starting with the first quarter of 1997.

SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS --- for the period ended 12/31/2015

Starting with the first quarter of 2006, a Capital improvement charge of \$10.00 per quarter was added to the flat rate Water fee of \$40.00 bringing the total billing charge to \$50.00 per quarter.

The Capital improvement charge was increased to \$20.00 per quarter starting October 1, 2007 and was discontinued completely on October 1, 2008..

Starting with the 1<sup>st</sup> quarter of 2008, the flat rate water fee was raised to \$55.00 per quarter.

Beginning with the 2<sup>nd</sup> quarter of 2010, the flat rate water fee was raised to \$65.00 per quarter.

Beginning January 2012, the basic quarterly fee was \$75.00.

Beginning January 2013, the basic quarterly fee was \$65 and water usage fees were charged for cubic feet of metered water use. See Note B above for further detail.

As of July 2015, the basic quarterly connection fee became \$75.00. The water usage rate structure was changed by the Membership to encourage conservation of water resources. See Note B above for further detail. The Hook Up fee, currently stated at \$13,500.00, will be increased quarterly to reflect the accrual of the July 2015 approved quarterly assessment for the improvement of the Filtration System, which is \$45.00 per quarter.

#### HOOKUP FEES

When the increase to 157 connections was authorized in July of 1994, a bargain hookup fee of \$3,100.00 was made available until September 30, 1994.

Nineteen connections were sold in 1994 at \$3,100	-	total \$58,900.00.
Five connections were sold in 1995 at \$3,500.00	-	total \$17,500.00.

An increase to 194 connections was authorized in January 1996.

Three connections were sold in 1996 at \$5,200.00	-	total \$15,600.00.
Two connections were sold in 1997 at \$5,400	-	total \$10,800.00.
One connection was sold in 1998 at \$6,000.00	-	total \$ 6,000.00.
One connection was sold in 1999 at \$6,200.00	-	total \$ 6,200.00.
Two connections were sold in 2000 at \$6,400.00	-	total \$12,800.00.
One connection was sold in 2002 at \$7,200.00	-	total \$ 7,200.00.
One connection was sold in 2003 at \$7,500.00	-	total \$ 7,500.00.
One connection was sold in 2004 at \$7,700.00	-	total \$ 7,700.00.
One connection was sold in 2005 at \$7,900.00	-	total \$ 7,900.00.
One connection was sold in 2006 at \$7,900.00	-	total \$ 7,900.00.
One connection was sold in 2007 at \$7,900.00	-	total \$ 7,900.00.
One connection was sold in 2008 at \$7,900.00	-	total \$ 7,900.00.

The connection cost has increased to \$13,500.00 and is subject to adjustment.

#### **NOTE G - REGULATORY CLIMATE - COUNTY, STATE AND FEDERAL**

Water regulation has become an issue of great concern in the last few years at all levels of government. The trend is irreversible in the direction of more stringent regulations with regard to water quality and quantity, and water system design and construction.

Our water system is tested monthly for fecal/coliform and bromate contamination. Periodically, as mandated by the WA State Dept. of Health, tests are required for other contaminants, such as arsenic, iron, manganese, nitrate and chloride. The Annual Drinking Water Report for the year 2015 will be available on the Association website and is available upon request.

SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS --- for the period ended 12/31/2015

Tests for lead/copper contamination must be performed every three years on a prescribed number of the residences constructed before 1970. If those residences fail to pass the test, the water system will be required to install equipment in order to adjust the pH level of the water – to bring those residences into compliance. Fortunately all the tested residences passed the tests in 2015.

**END OF NOTES**

**SUN VISTA/SUNLIGHT BEACH WATER SYSTEM**  
**Depreciation Schedule by Category**  
**For the 12 Months Ended**  
**12/31/2015**

Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 01/01/15	Current Depreciation	Accum Depr 12/31/15
<b>- Pump houses</b>								
Pump house #1	10/31/90	St line	5 /00	N	1.00	0.00	0.00	0.00
Pump house #2 construct	11/30/92	St line	10 /00	N	26,298.00	26,298.00	0.00	26,298.00
Pump house #1 raise roof, insulate	09/30/97	SL water	25 /00	N	2,975.00	2,083.00	119.00	2,202.00
Shelving - SV pump house	08/20/97	SL water	25 /00	N	200.00	140.00	8.00	148.00
Electrical - after roof lift	09/27/97	SL water	25 /00	N	300.00	210.00	12.00	222.00
Fence	05/27/11	SL water	10	N	783.00	274.05	78.30	352.35
Roof/cover for generator	11/20/11	SL water	25	N	1,847.72	221.73	73.91	295.64
Fence	03/26/12	SL water	10	N	2,656.63	664.16	265.66	929.82
Reroof wellhouse and generator	10/04/12	SL water	25	N	1,793.55	179.36	71.74	251.10
Risers	02/06/14	SL water	10	N	1,141.35	95.11	114.14	209.25
Fence - allow for truck entry	06/12/15	SL water	10	N	1,657.68	82.88	138.14	221.02
<b>Total for GROUP 1</b>					<b>39,653.93</b>	<b>30,248.29</b>	<b>880.89</b>	<b>31,129.17</b>
<b>- Wells</b>								
Well #1	10/31/90	St line	25 /00	N	1.00	0.00	0.00	0.00
Well #2	02/28/92	St line	25 /00	N	14,165.00	12,750.20	566.60	13,316.80
Wells 1 & 2 certification: 24 hr pump t	07/15/94	St line	25 /00	N	1,691.00	1,387.88	67.64	1,455.52
Well #1 jet cleaning	09/30/05	St line	5 /00	N	1,679.00	1,679.00	0.00	1,679.00
<b>Total for GROUP 2</b>					<b>17,536.00</b>	<b>15,817.08</b>	<b>634.24</b>	<b>16,451.32</b>
<b>- Pumps</b>								
Pump #1	10/31/90	St line	5 /00	N	1.00	0.00	0.00	0.00
Pump #2	06/30/92	St line	5 /00	N	10,027.00	10,027.00	0.00	10,027.00
Pump #3: 5hp, 3phase	08/11/93	St line	5 /00	N	1,173.00	1,173.00	0.00	1,173.00
Pump #3: mag starter & alternator	09/14/93	St line	5 /00	N	652.00	650.20	0.00	650.20
Pump #2: controls	11/28/93	St line	5 /00	N	583.00	583.00	0.00	583.00
Pumps 1&2; mag switches/starters	05/21/94	St line	5 /00	N	1,272.00	1,272.00	0.00	1,272.00
Pumps: replace check valves	06/12/94	St line	5 /00	N	183.00	183.00	0.00	183.00
2 pumps: wells 1&2: 7.5 hp Gould	06/12/94	St line	5 /00	N	6,345.00	6,345.00	0.00	6,345.00
Pump well #1: 7.5 hp & controller	11/30/05	St line	5 /00	N	3,832.00	3,832.00	0.00	3,832.00
Well piping for combined pumping	06/30/06	SL water	25 /00	N	623.00	211.82	24.92	236.74
Submersable pump: 5hp 230V 85	06/30/07	St line	5 /00	N	2,739.00	2,739.00	0.00	2,739.00
Submersable pump: piping/engineerin	06/30/07	SL water	25 /00	N	4,610.00	1,383.00	184.40	1,567.40
Generator for well pumps	11/20/08	SL water	50 /00	N	21,680.00	2,818.40	433.60	3,252.00
Propane tank & piping well generator	11/24/08	SL water	25 /00	N	1,133.00	294.58	45.32	339.90
7.5hp motor controller	05/28/08	SL water	25 /00	N	1,400.00	364.00	56.00	420.00
submersable pump: operating inst	02/27/08	SL water	25 /00	N	700.00	182.00	28.00	210.00
Pump well #1 - replacement	06/30/10	SL water	5 /00	N	6,461.00	5,168.80	1,292.20	6,461.00
<b>Total for GROUP 3</b>					<b>63,414.00</b>	<b>37,226.80</b>	<b>2,064.44</b>	<b>39,291.24</b>
<b>- Reservoirs</b>								
Reservoir: 53,600 gal, concrete	10/31/90	St line	25 /00	N	10,086.00	9,713.48	403.44	10,116.92
Reservoir: 8,500 gal, concrete	10/31/90	St line	25 /00	N	1,600.00	1,541.00	64.00	1,605.00
Reservoir: upgrade plumbing for ?	03/31/92	St line	25 /00	N	52,143.00	46,930.24	2,085.72	49,015.96
Reservoir water level controls	10/31/04	SL water	25 /00	N	3,045.00	1,278.90	121.80	1,400.70
Low water alarm - auto dialer	04/30/07	St line	5 /00	N	441.00	441.00	0.00	441.00
New Reservoir - engineering	09/13/07	SL water	50 /00	N	713.00	106.95	14.26	121.21
New Res: 55M gal concrete	12/31/08	SL water	50 /00	N	62,829.00	8,169.77	1,256.58	9,426.35
New Res: gate valves & install	12/31/08	SL water	50 /00	N	3,087.00	401.31	61.74	463.05
Low water alarm - auto dialer upgrade	05/31/08	SL water	25 /00	N	727.00	189.02	29.08	218.10
New Res prep: excavate, survey,	12/31/08	SL water	50 /00	N	19,521.00	2,537.73	390.42	2,928.15
New Res: engineering, plans, rep	12/31/08	SL water	50 /00	N	9,036.00	1,174.68	180.72	1,355.40

**SUN VISTA/SUNLIGHT BEACH WATER SYSTEM**  
**Depreciation Schedule by Category**  
**For the 12 Months Ended**  
**12/31/2015**

Asset Description	Date		Method	Life	Sold?	Cost	Accum Depr	Current	Accum Depr
	Acquired						01/01/15	Depreciation	12/31/15
New Res: finish/.cleanup/inspect	03/31/09		SL water	25 /00	N	14,164.00	3,116.08	566.56	3,682.64
New Res: interconnections	01/31/09		SL water	50 /00	N	2,799.00	307.89	55.98	363.87
Clean and reline reservoir	12/22/11		SL water	25 /00	N	17,609.00	2,465.26	704.36	3,169.62
Tank #2 repair work	03/26/12		St line	10	N	3,090.85	772.71	309.09	1,081.80
Landscaping per Kohlwes agreemt	09/30/12		ST LINE	15 /00	N	6,782.29	1,130.38	452.15	1,582.53
<b>Total for GROUP 4</b>						207,673.14	80,276.40	6,695.90	86,972.30
<b>- Water mains</b>									
All distribution mains	10/31/90		200% DB	5 /00	N	1.00	0.00	0.00	0.00
Emerg hookup to SL Beach Water Sy:	07/31/91		St line	25 /00	N	281.00	263.08	11.24	274.32
Transport mains: wells to reservoirs	05/31/92		St line	25 /00	N	1,967.00	1,771.56	78.68	1,850.24
Main under road @ 2400 SL Bch	01/27/93		St line	25 /00	N	210.00	178.80	8.40	187.20
Main drill under road @ 2400 SLB	02/28/93		St line	25 /00	N	297.00	255.96	11.88	267.84
Standpipe near Hanify's	02/08/93		St line	25 /00	N	457.00	391.76	18.28	410.04
Main engineering @ 2400 SLB	03/06/93		St line	25 /00	N	339.00	293.52	13.56	307.08
Standpipe & drain end of SLB	06/10/93		St line	25 /00	N	1,951.00	1,677.68	78.04	1,755.72
Replace SLB main - 8" plastic	21/01/95		St line	50 /00	N	134,824.00	36,401.28	2,696.48	39,097.76
Replace mains - engineering	12/31/95		St line	50 /00	N	47,389.00	18,482.26	947.78	19,430.04
Standpipe: Sun Vista	06/30/95		St line	25 /00	N	373.00	290.64	14.92	305.56
Replace mains - Dassel/Lincoln	06/30/96		SL water	50 /00	N	26,429.00	9,778.86	528.58	10,307.44
Replace mains - Dassel/Lincoln	08/31/96		SL water	50 /00	N	5,959.00	2,205.06	119.18	2,324.24
Reservoir fill line: add check valve	07/31/98		ADS water	50 /00	N	1,674.00	552.42	33.48	585.90
Replace SV main - engineering	12/31/00		SL water	50 /00	N	292.00	84.68	5.84	90.52
Upgrade service line - Hanify, et al	12/31/00		SL water	50 /00	N	1,456.00	422.24	29.12	451.36
Transport mains - 4",6",8" coupli?	12/31/00		SL water	50 /00	N	507.00	147.03	10.14	157.17
6" main/hydrants SV	10/31/01		SL water	50 /00	N	98,997.00	26,729.19	1,979.94	28,709.13
6" main - engineering SV	10/31/01		SL water	50 /00	N	2,833.00	764.91	56.66	821.57
6" main - other costs SV	10/31/01		SL water	50 /00	N	1,657.00	447.39	33.14	480.53
6" main - engineering SV	03/31/02		SL water	50 /00	N	210.00	52.50	4.20	56.70
<b>Total for GROUP 5</b>						328,103.00	101,190.82	6,679.54	107,870.36
<b>- Pressure system</b>									
Pressure tanks & contr0ller/timer/	08/20/97		SL water	25 /00	N	19,768.00	13,046.52	790.72	13,837.24
Generator: 45kw/pad/fence/prop?	03/30/97		SL water	25 /00	N	47,167.00	31,129.88	1,886.68	33,016.56
Landscape generator area	10/31/98		ST LINE	15 /00	N	1,072.00	1,072.00	0.00	1,072.00
Generator cover - built by Andy	08/31/02		ST LINE	10 /00	N	964.00	964.00	0.00	964.00
Engineering - replace pumps	12/31/02		SL water	25 /00	N	638.00	293.48	25.52	319.00
Prepare bids - replace pumps	12/31/02		SL water	25 /00	N	50.00	23.00	2.00	25.00
Prepare bids-pumps/pressure system	03/31/03		SL water	25 /00	N	1,399.00	587.58	55.96	643.54
4 booster pumps & mag starters	04/30/04		SL water	25 /00	N	10,548.00	4,008.24	421.92	4,430.16
Booster pumps piping & controls	06/30/04		SL water	25 /00	N	9,766.00	3,711.08	390.64	4,101.72
Booster pumps wiring & 7.5hp pro?	11/20/04		SL water	25 /00	N	3,962.00	1,505.56	158.48	1,664.04
Generatir thermostat	09/30/04		SL water	25 /00	N	79.00	30.02	3.16	33.18
Booster pumps air charger	01/31/05		SL water	25 /00	N	297.00	100.98	11.88	112.86
Compressor & installation	07/31/08		SL water	25 /00	N	1,805.00	397.10	72.20	469.30
<b>Total for GROUP 6</b>						97,515.00	56,869.44	3,819.16	60,688.60

**SUN VISTA/SUNLIGHT BEACH WATER SYSTEM**  
**Depreciation Schedule by Category**  
**For the 12 Months Ended**  
**12/31/2015**

Asset Description	Date		Life	Sold?	Cost	Accum Depr	Current	Accum Depr
	Acquired	Method				01/01/15	Depreciation	12/31/15
<b>- Meters</b>								
Meters purchased with system	10/31/90	ST LINE	5 /00	N	1.00	0.00	0.00	0.00
Meters installed	09/30/92	ST LINE	10 /00	N	7,331.00	7,330.90	0.00	7,330.90
Meters installed	06/10/93	ST LINE	25 /00	N	1,124.00	921.36	44.96	966.32
Meter setter	08/11/93	ST LINE	25 /00	N	49.00	40.36	1.96	42.32
Meters parts & installation	12/31/95	SI water	25 /00	N	1,823.00	1,348.72	72.92	1,421.64
Meters: 12 installed	07/31/97	SI water	25 /00	N	571.00	376.44	22.84	399.28
Meters: 20 replaced	01/01/98	SI water	25 /00	N	2,029.00	1,257.98	81.16	1,339.14
Meters: 10 purchased	07/31/99	SI water	25 /00	N	365.00	211.70	14.60	226.30
10 meters, 5 boxes, 5 resetters	12/31/00	SI water	25 /00	N	844.00	455.76	33.76	489.52
Meters: 5 VH42-15W resetters	02/28/01	SI water	25 /00	N	320.00	160.00	12.80	172.80
Meters: 1 installed	08/16/004	SI water	25 /00	N	27.00	10.26	1.08	11.34
<b>Total for GROUP 7</b>					<b>14,484.00</b>	<b>12,113.48</b>	<b>286.08</b>	<b>12,399.56</b>
<b>- Other Water System Equipment</b>								
Heater: for pump house #1	01/31/91	ST LINE	5 /00	N	143.00	143.00	0.00	143.00
Compressor: pump house #1	01/27/93	ST LINE	5 /00	N	194.00	194.00	0.00	194.00
Pipe plug: hi pressure 4.23" ID	01/20/97	SI water	25 /00	N	442.00	291.88	17.68	309.56
Water level monitoring equipment	10/04/12	ST LINE	5	N	1,578.05	789.03	315.61	1,104.64
<b>Total for GROUP 8</b>					<b>2,357.05</b>	<b>1,417.91</b>	<b>333.29</b>	<b>1,751.20</b>
<b>- Office equipment</b>								
Sign - Sunlight Beach	12/10/90	ST LINE	10 /00	N	30.00	28.50	0.00	28.50
Tape recorder	10/04/90	ST LINE	5 /00	N	44.00	44.00	0.00	44.00
Copier: Cannon	10/31/91	ST LINE	5 /00	N	753.00	753.00	0.00	753.00
<b>Total for GROUP 9</b>					<b>827.00</b>	<b>825.50</b>	<b>0.00</b>	<b>825.50</b>
<b>I - Water treatment</b>								
Ozone filter system	11/30/95	ST LINE	20 /00	N	48,783.00	45,124.40	2,439.15	47,563.55
Oz filter adjustment: engineer to kil	09/30/97	SI water	25 /00	N	120.00	78.80	4.80	83.60
Hypo Chlorinator: LMI pump/50 gal	07/31/98	SI water	25 /00	N	2,117.00	1,312.54	84.68	1,397.22
Hypo Chlorinator: engineering	07/31/99	SI water	25 /00	N	633.00	367.14	25.32	392.46
Hypo Chlorinator: complete & certify	07/31/99	SI water	25 /00	N	326.00	189.08	13.04	202.12
Oz filter: reaction chamber 2" RC	05/31/99	SI water	25 /00	N	613.00	355.54	24.52	380.06
Oz generator, J tube & check valve	10/31/05	SI water	25 /00	N	9,521.00	3,237.14	380.84	3,617.98
Oz bkwash/filtration chambers	06/30/09	SI water	50 /00	N	5,342.00	480.78	106.84	587.62
Oz bkwash/filtration chambers	10/31/10	SI water	25 /00	N	2,139.00	342.24	85.56	427.80
Oz bkwash/filtration chambers	10/31/10	SI water	25 /00	N	1,762.00	281.92	70.48	352.40
<b>Total for GROUP 10</b>					<b>71,356.00</b>	<b>51,769.58</b>	<b>3,235.23</b>	<b>55,004.81</b>
<b>I - Water rights &amp; easements - Amortized</b>								
Easement & wtr rights from Kohlwes	10/31/90	ST LINE	33 /00	N	33,659.00	24,662.52	1,019.97	25,682.49
Permit Isl Cnty to cross road	02/11/93	ST LINE	33 /00	N	30.00	30.00	0.00	30.00
Golder Report - Wellhead Protection A	12/15/13	ST LINE	10 /00	N	5,000.00	500.00	500.00	1,000.00
<b>Total for GROUP 11</b>					<b>38,689.00</b>	<b>25,192.52</b>	<b>1,519.97</b>	<b>26,712.49</b>
<b>! - Rounding adjustment</b>								
Adj to agree with Balance Sheet	02/11/93	LAND	0 /00	N	440.00	0.00	0.00	0.00
<b>Total for GROUP 12</b>					<b>440.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total all GROUPS</b>					<b>882,048.12</b>	<b>419,759.00</b>	<b>26,712.00</b>	<b>446,471.00</b>



**SUN VISTA/SUNLIGHT BEACH WATER SYSTEM  
COMPARATIVE WATER OPERATING EXPENSES**

For twelve month period ending December 31 - except where noted

EXPENSES	2015-2014 % change	Water System Operations									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Regulatory costs - Tax and DOH</b>	<b>19.2%</b>	<b>3,996</b>	<b>3,380</b>	<b>3,736</b>	<b>3,144</b>	<b>\$ 2,504</b>	<b>2,848</b>	<b>4,460</b>	<b>2,362</b>	<b>2,063</b>	<b>2,056</b>
Taxes: State Pub Util	18.2%	3,513	2,953	2,827	2,704	\$ 2,127	2,343	2,218	1,980	1,532	1,450
Regulatory fees	-53.0%	483	428	909	440	377	505	888	382	531	606
Annual consumer report								1,354	--	--	--
<b>Costs of running the system</b>	<b>10.3%</b>	<b>29,166</b>	<b>26,439</b>	<b>29,328</b>	<b>21,913</b>	<b>\$ 17,863</b>	<b>16,895</b>	<b>20,199</b>	<b>19,187</b>	<b>15,192</b>	<b>15,356</b>
Purchased power	-4.2%	2,936	3,063	3,114	3,116	3,025	2,769	3,234	2,750	2,804	2,735
Propane		--	--	--	--	--	--	--	596	343	615
Supplies-chlorine/test kits		741	--	--	33	1,027	120	274	239	223	72
Phone - auto dialer alarm		--	--	--	--	--	--	--	173	123	--
Contract services											
Certified operator	2.1%	7,956	7,793	7,824	7,827	7,989	6,652	7,020	6,862	4,032	4,032
Oz filer operator		--	--	--	--	--	--	--	--	1,280	1,280
Chlorine operator		60	--	143	620	--	--	--	--	1,310	1,310
Meter reading	0.0%	1,565	1,566	1,565	990	1,213	758	662	1,085	403	470
Water testing	-16.3%	1,291	1,543	1,402	1,209	1,150	1,374	2,288	1,303	1,284	1,055
Repairs - normal	425.3%	7,659	1,458	5,374	525	1,086	798	819	1,524	3,430	3,907
Repairs - emergency	-43.6%	5,574	9,888	8,862	7,268	1,836	4,423	5,672	4,655	--	--
Landscaping	22.6%	1,385	1,130	944	525	525	--	--	--	--	--
Turn on/off water		--	--	--	--	--	--	240	--	--	--
Insurance	-5.0%	3,694	3,899	3,971	3,837	3,673	1,643	3,036	5,387	5,469	5,512
<b>Administrative costs</b>	<b>-52.0%</b>	<b>11,112</b>	<b>23,128</b>	<b>11,777</b>	<b>9,345</b>	<b>7,005</b>	<b>7,617</b>	<b>10,682</b>	<b>9,225</b>	<b>6,220</b>	<b>5,950</b>
President	0.0%	2,400	2,400	2,400	2,400	2,400	2,000	2,400	1,900	1,200	1,200
Treasurer	0.0%	2,400	2,400	2,400	2,400	600	--	--	--	--	--
CR./mail clerk		--	--	--	--	605	1,217	800	775	800	800
Secretary		--	--	--	--	--	--	300	250	135	50
Bookkeeper	-11.2%	3,912	4,408	1,980	--	--	1,400	2,400	2,150	1,800	1,800
Directors	-48.9%	2,400	4,700	3,900	4,000	2,900	2,600	3,000	2,800	1,300	1,200
Dues and Subscriptions		--	--	617	--	--	--	--	--	--	--
Education and training	-100.0%	--	30	--	145	--	--	--	--	--	--
CPA-tax prep	-100.0%	--	500	500	400	500	400	610	300	300	300
Monthly A/R & Q'ty Billing		--	--	--	--	--	--	1,072	1,050	825	700
Audit		--	--	--	--	--	--	--	--	80	--
Professional fees	-100.0%	--	8,892	--	--	--	--	--	--	--	--
<b>Office expenses</b>	<b>-26.2%</b>	<b>1,957</b>	<b>2,652</b>	<b>1,942</b>	<b>2,265</b>	<b>2,934</b>	<b>1,435</b>	<b>1,353</b>	<b>1,901</b>	<b>1,124</b>	<b>332</b>
Gbooks Online - web site/data input	29.0%	642	498	592	591	81	100	225	--	--	--
Copying/Printing	7020.3%	497	7	--	743	380	134	501	320	89	5
Postage-billing/office	-32.0%	530	779	473	591	653	917	172	548	147	120
Annual/other meetings	-112.3%	-42	343	335	--	514	--	76	80	80	50
Supplies/billing/travel/phone	-100.0%	--	725	167	--	--	9	79	673	528	107
Records storage	0.0%	300	300	375	300	260	275	300	300	300	50
Miscellaneous		30	0	--	50	1,076	--	--	--	--	--
<b>Legal services</b>							<b>16,090</b>				
<b>Lens: file/release</b>							<b>452</b>	<b>242</b>			
<b>Total Expenses</b>	<b>-16.1%</b>	<b>49,925</b>	<b>59,487</b>	<b>50,755</b>	<b>\$ 40,504</b>	<b>\$ 33,969</b>	<b>46,980</b>	<b>39,972</b>	<b>38,062</b>	<b>30,068</b>	<b>29,106</b>
Adjustments - unusual							(16,090)	--	--	--	--
Attorney fees							--	--	153	--	--
Interest net: \$800 - \$647.17 =							--	--	2,000	--	--
Kohlwes assessments							--	--	--	--	--
<b>Expenses less unusual items</b>	<b>-16.1%</b>	<b>\$ 49,925</b>	<b>\$ 59,487</b>	<b>\$ 50,755</b>	<b>\$ 40,504</b>	<b>\$ 33,969</b>	<b>30,890</b>	<b>39,972</b>	<b>40,215</b>	<b>30,068</b>	<b>29,106</b>
Hookups at end of period		163	163	163	163	163	163	163	163	162	161
Billable hookups		161	161	161	161	161	161	161	160	159	158
Cost per hookup/mo	-16.1%	\$25.52	\$30.41	\$ 25.95	\$ 20.71	\$ 17.37	\$ 15.79	\$ 20.44	\$ 20.56	\$ 15.47	\$ 15.07
Cost per hookup/Qtr	-16.1%	\$76.57	\$91.24	\$ 77.84	\$ 62.12	\$ 52.10	\$ 47.38	\$ 61.31	\$ 61.68	\$ 46.40	\$ 45.20