

FINANCIAL STATEMENTS  
FOR THE 12 MONTH PERIODS ENDED  
December 31, 2019 and 2018

*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 4, 2020

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

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

Date: May 13, 2020

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, 2019

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, 2019.

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,

  
\_\_\_\_\_  
Karen Leland, Member Audit Committee

  
\_\_\_\_\_  
Douglas Leland, Member Audit Committee

  
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Norman Ledbetter, Finance Director/Chair Audit Committee

**Sun Vista Sunlightbeach Home Owners Ass'n**  
**Statements of Financial Position**

As of December 31, 2019 and 2018

	Total As of Dec 31, 2019	Total As of Dec 31, 2018
<b>ASSETS</b>		
Cash at end of period		
Money Market - Assessment fees	\$ 78,163	\$ 78,022
Checking account	189,843	164,712
Certificate of Deposit	51,050	50,049
<b>TOTAL CASH</b>	<b>\$ 319,056</b>	<b>\$ 292,783</b>
Accounts Receivable water	336	(529)
Accrued Q4 Usage fees	1,762	2,613
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 321,154</b>	<b>\$ 294,867</b>
Water system		
Orig system purchase price 1990	\$ 45,350	45,350
Capital improvements 1991 - 2018	845,142	845,142
Capital improvements 2019	-	
Office equipment	1,647	1,260
<b>TOTAL IMPROVEMENTS/EQUIPMENT</b>	<b>\$ 892,139</b>	<b>\$ 891,751</b>
Less: Accumulated amortization	\$ (32,793)	(31,273)
Accumulated depreciation	(495,074)	(477,573)
<b>TOTAL ASSETS</b>	<b>\$ 685,426</b>	<b>\$ 677,773</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts Payable	1,925	\$ 2,290
Accrued expenses	3,005	1,398
Security Deposits	250	250
<b>TOTAL LIABILITIES</b>	<b>\$ 5,179</b>	<b>\$ 3,938</b>
<b>NET ASSETS</b>		
Unrestricted		
Water Operations	\$ 177,587	\$ 150,661
Purchase & Replacement	425,324	443,344
Temporarily restricted	77,334	79,829
<b>TOTAL NET ASSETS</b>	<b>\$ 680,244</b>	<b>\$ 673,834</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 685,425</b>	<b>\$ 677,773</b>

## Sun Vista/Sunlight Beach Water System

### STATEMENTS OF ACTIVITIES

Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

				TOTAL	TOTAL
	Unrestricted	Temporarily Restricted	Purchase & Replacement	For the 12 months ended 12/31/19	For the 12 months ended 12/31/18
<b>INCOME</b>					
Water Fees - Quarterly connection charge	\$ 49,500			\$ 49,500	\$ 49,125
Water Fees - Usage	29,676			29,676	26,981
Quarterly assessment - filtration system				-	15,300
Sales of new connections				-	13,500
Interest - on bank savings account		141	1,001	1,141	203
Other income	31			31	512
Discounts/credits/delinquency fees	1,625			1,625	568
<b>TOTAL INCOME</b>	<b>\$ 80,832</b>	<b>\$ 141</b>	<b>\$ 1,001</b>	<b>\$ 81,974</b>	<b>\$ 106,190</b>
<b>EXPENSES</b>					
Operating					
Amortization			\$ 1,520	\$ 1,520	\$ 1,520
Depreciation			17,500	17,500	17,544
Taxes - Public Utility	4,054			4,054	4,219
Purchased power	3,472			3,472	4,151
Contract services - Operator					
Certified water system operator	8,484			8,484	8,132
Meter reading	1,594			1,594	1,665
Water testing	813			813	1,154
System Supplies	1,026			1,026	2,176
System emergency repair/replacement	340			340	2,250
System repair - scheduled	10,722			10,722	3,092
Filtration system upgrade project		2,636		2,636	189
Landscaping	2,327			2,327	2,741
Bank charges	309			309	84
Bookkeeping service	8,399			8,399	8,271
Accounting software	848			848	767
President fee	2,400			2,400	2,400
Treasurer fee	2,400			2,400	2,400
Directors fees	1,400			1,400	2,000
County Easement Fee	-			-	479
Web site fees/maintenance	81			81	81
Insurance	2,866			2,866	2,822
Regulatory fees	452			452	887
Dues and subscriptions	200			200	200
Copying, printing, office supplies	231			231	57
Postage	567			567	629
Record storage	300			300	300
Special/Annual meeting	622			622	165
<b>TOTAL EXPENSES</b>	<b>\$ 53,906</b>	<b>\$ 2,636</b>	<b>\$ 19,020</b>	<b>\$ 75,563</b>	<b>\$ 70,375</b>
<b>NET INCOME(LOSS)</b>	<b>\$ 26,926</b>	<b>\$ (2,495)</b>	<b>\$ (18,019)</b>	<b>\$ 6,411</b>	<b>\$ 35,815</b>

## Sun Vista/Sunlight Beach Water System

### STATEMENTS OF CASH FLOWS

For the Twelve Month Periods ended December 31, 2019 and 2018

	Water System			TOTAL	TOTAL
	Water Operating Unrestricted Fund	Purchase & Replacement Fund (CD)	Temporarily Restricted Filtration Upgrade Fund	As of Dec 31, 2019	As of Dec 31, 2018
<b>Cash flows from operating activities</b>					
Net income (loss)	\$ 26,926	\$ (18,019)	\$ (2,495)	\$ 6,411	\$ 35,814
Add back non-cash expenses					
Amortization		1,520		\$ 1,520	\$ 1,520
Depreciation		17,500		\$ 17,500	\$ 17,544
(Increase) Decrease in:					
A/R water fees/charges	(14)			\$ (14)	\$ 19,951
Prepaid expenses				-	-
Increase (Decrease) in:					
Accounts payable	(365)			\$ (365)	\$ 2,315
Accrued expenses	1,607			\$ 1,607	\$ (540)
Security Deposits	-			\$ -	\$ 250
<b>Net cash provided ( used) by operations</b>	<u>\$ 28,153</u>	<u>\$ 1,001</u>	<u>\$ (2,495)</u>	<u>\$ 26,658</u>	<u>\$ 76,854</u>
<b>Cash flows from investing activities</b>					
Asset acquisitions		(388)		\$ (388)	\$ (4,619)
<b>Net cash used in investing activities</b>	<u>\$ -</u>	<u>\$ (388)</u>	<u>\$ -</u>	<u>\$ (388)</u>	<u>\$ (4,619)</u>
<b>Net change in cash</b>	\$ 28,153	\$ 613	\$ (2,495)	\$ 26,270	\$ 72,235
<b>Cash, beginning of year</b>	164,713	50,049	78,022	\$ 292,785	\$ 220,549
Transfers made between funds for					
equipment purchase	(388)	388		\$ -	0
for expenses	(2,635)		2,635	\$ -	
<b>Cash, end of year</b>	<u>\$ 189,843</u>	<u>\$ 51,050</u>	<u>\$ 78,162</u>	<u>\$ 319,056</u>	<u>\$ 292,784</u>

**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
	-----
Original water connections authorized 9/90	123
Additional connections authorized 7/94	34
Additional connections authorized 1/96	<u>37</u>
Total connections now authorized	194
Less connections sold as of 12/31/18	-167
Less connections reserved for Kohlwes Trust easement	-10
Less Hanify lot connection reserved per deed	<u>- 1</u>
Total unsold water connections	<u>16</u>
Water connections sold as of 12/31/10	163
New water connections sold in 2017	3
New water connections sold in 2018	1
Less water credits per original system easement:	-2
H. Kohlwes, R. Kohlwes, (M. Sanders – sold)	
Less other adjustments - Hanify	<u>0</u>
NET CASH PAYING CONNECTIONS	<u>165</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. In 2018 the Board designated \$50,000 to be placed in a Certificate of Deposit with Heritage Bank (CD). Annual interest earnings on this CD are deposited into this account and credited to this Fund.

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. This assessment was discontinued by vote of the members, effective June 30, 2018. Funds spent for these purposes will be reported as net assets released from restrictions, itemized on the Statement of Activities.

SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS --- for the period ended 12/31/2019

MEMBER WATER FEES During the twelve months of 2019 and 2018, pursuant to a rate increase approved by the Membership at the July 2016 annual meeting, the rates charged were as follows:

Quarterly connection charge continued at \$75  
Water usage fees charged for cubic feet of water used as follows:  
\$1.00 per 100 CF for up to 2,499 CF;  
\$5.00 per 100 CF 2,500 CF to 3,499 CF; and  
\$15.00 per 100 CF for usage of 3,500 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. Funds raised through June 30, 2018 were estimated as sufficient to complete this project. Consequently, at the 2018 annual meeting, pursuant to resolution, discussion and vote, the membership voted to discontinue the assessment effective June 30, 2018. Temporarily restricted funds represent unspent funds at year-end for this project.

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, 2019, as in prior years.

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 through 2017, there were no transfers of funds. In 2018, \$5,073 was transferred in order to establish a Certificate of Deposit in the amount of \$50,000.

For the year 2019, Form 1120-H was filed in February 2020. There was \$35 federal income tax due for 2019, paid timely with the filing of the return in 2020.

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 2019 and 2018.

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 \$4,054 and \$4,219 were incurred for the years 2019 and 2018 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 12 through 15, 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 the property 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 may designate funds for future major repairs and replacements. A major emergency repair fund of approximately \$50,000 is earmarked and held in the certificate of deposit 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.

SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS --- for the period ended 12/31/2019

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.
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
2017	actual cost	5,084	Engineering studies for filtration system upgrade
2018	actual cost	4,619	Equipment and engineering studies for filtration system upgrade
Total		<u>\$ 890,491</u>	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.

SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS --- for the period ended 12/31/2019

'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.

'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 was billed to each member in the amount of \$45 per quarter from July 2015 through June 30, 2018. A total of \$89,910 was billed for this assessment, each member's portion was \$540. At December 31, 2019, \$720 remains uncollected.

#### **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

SUN VISTA/SUNLIGHT BEACH HOME OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS --- for the period ended 12/31/2019

(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.

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 of \$13,500 is adjusted 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 to a final amount of \$540 per member. At December 31, 2019 the Hook Up fee plus accrued assessment is thus \$14,040.

#### 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.
Three connections were sold in 2017 at \$13,500	-	total \$ 40,500.00.
One connection was sold in 2018 at \$13,500	-	total \$ 13,500.00.

The connection cost has increased to \$14,040.00 including adjustment for assessments as referenced above in Note F.

**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 2019 is available upon request.

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 2019.

**END OF NOTES**

SUN VISTA/SUNLIGHT BEACH WATER SYSTEM

Depreciation Schedule by Category

For the 12 Months Ended

12/31/19

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 12/31/18	Current Depreciation	Accum Depr 12/31/19
<b>GROUP 1 - Pump Houses</b>									
1001	Pump house #1	10/31/90	St line	5 /00	N	1 00	0.00	0.00	0.00
1002	Pump house #2 construct	11/30/92	St line	10 /00	N	26,298 00	26,298.00	0.00	26,298.00
1003	Pump house #1 raise roof, insulate	09/30/97	SL water	25 /00	N	2,975 00	2,569.00	119.00	2,678.00
1004	Shelving - SV pump house	08/20/97	SL water	25 /00	N	200 00	172.00	8.00	180.00
1005	Electrical - after roof lift	09/27/97	SL water	25 /00	N	300 00	258.00	12.00	270.00
1006	Fence	05/27/11	SL water	10	N	793.00	587.25	78.30	665.55
1007	Roof/cover for generator	11/20/11	SL water	25	N	1,847.72	517.36	73.91	591.27
1008	Fence	03/26/12	SL water	10	N	2,656.63	1,726.81	265.66	1,992.47
1009	Reroof wellhouse and generator	10/04/12	SL water	25	N	1,793.55	466.32	71.74	538.07
1010	Risers	02/06/14	SL water	10	N	1,141.35	551.65	114.14	665.79
1011	Fence - allow for truck entry	06/12/15	SL water	10	N	1,657.68	262.47	13.81	276.28
<b>Total for GROUP 1</b>						<b>39,653.93</b>	<b>33,398.86</b>	<b>756.56</b>	<b>34,155.43</b>
<b>GROUP 2 - Wells</b>									
2001	Well #1	10/31/90	St line	25 /00	N	1.00	0.00	0.00	0.00
2002	Well #2	02/28/92	St line	25 /00	N	14,165.00	14,165.00	0.00	14,165.00
2003	Wells 1 & 2 certification: 24 hr pump test	07/15/94	St line	25 /00	N	1,691.00	1,658.44	32.56	1,691.00
2004	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>17,502.44</b>	<b>32.56</b>	<b>17,535.00</b>
<b>GROUP 3 - Pumps</b>									
3001	Pump #1	10/31/90	St line	5 /00	N	1 00	0.00	0.00	0.00
3002	Pump #2	06/30/92	St line	5 /00	N	10,027 00	10,027.00	0.00	10,027.00
3003	Pump #3: 5hp, 3phase	08/11/93	St line	5 /00	N	1,173.00	1,173.00	0.00	1,173.00
3004	Pump #3: mag starter & alternator	09/14/93	St line	5 /00	N	652.00	650.20	0.00	650.20
3005	Pump #2: controls	11/28/93	St line	5 /00	N	583.00	583.00	0.00	583.00
3006	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
3007	Pumps: replace check valves	06/12/94	St line	5 /00	N	183.00	183.00	0.00	183.00
3008	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
3009	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
3010	Well piping for combined pumping	06/30/06	SL water	25 /00	N	623 00	311.50	24.92	336.42
3011	Submersable pump: 5hp 230V 85	06/30/07	St line	5 /00	N	2,739.00	2,739.00	0.00	2,739.00
3012	Submersable pump: piping/engineering	06/30/07	SL water	25 /00	N	4,610.00	2,120.60	184.40	2,305.00
3013	Generator for well pumps	11/20/08	SL water	50 /00	N	21,680.00	4,552.80	433.60	4,986.40
3014	Propane tank & piping well generator	11/24/08	SL water	25 /00	N	1,133.00	475.86	45.32	521.18
3015	7.5hp motor controller	05/28/08	SL water	25 /00	N	1,400.00	588.00	56.00	644.00
3016	submersable pump: operating inst	02/27/08	SL water	25 /00	N	700.00	294.00	28.00	322.00
3017	Pump well #1 - replacement	06/30/10	SL water	5 /00	N	6,461.00	6,461.00	0.00	6,461.00
<b>Total for GROUP 3</b>						<b>53,414.00</b>	<b>41,607.96</b>	<b>772.24</b>	<b>42,380.20</b>
<b>GROUP 4 - Reservoirs</b>									
4001	Reservoir: 53,600 gal, concrete	10/31/90	St line	25 /00	N	10,086.00	10,086.00	0.00	10,086.00
4002	Reservoir: 8,500 gal, concrete	10/31/90	St line	25 /00	N	1,600.00	1,600.00	0.00	1,600.00
4003	Reservoir: upgrade plumbing for ?	03/31/92	St line	25 /00	N	52,143.00	51,101.68	0.00	51,101.68
4004	Reservoir water level controls	10/31/04	SL water	25 /00	N	3,045.00	1,766.10	121.80	1,887.90
4005	Low water alarm - auto dialer	04/30/07	St line	5 /00	N	441.00	441.00	0.00	441.00
4006	New Reservoir - engineering	09/13/07	SL water	50 /00	N	713.00	163.99	14.26	178.25
4007	New Res: 55M gal concrete	12/31/08	SL water	50 /00	N	62,829.00	13,196.09	1,256.58	14,452.67
4008	New Res: gate valves & install	12/31/08	SL water	50 /00	N	3,087.00	648.27	61.74	710.01
4009	Low water alarm - auto dialer upgrade	05/31/08	SL water	25 /00	N	727.00	305.34	29.08	334.42
4010	New Res prep: excavate, survey,	12/31/08	SL water	50 /00	N	19,521.00	4,099.41	390.42	4,489.83
4011	New Res: engineering plans, rep	12/31/08	SL water	50 /00	N	9,036.00	1,897.56	180.72	2,078.28

**SUN VISTA/SUNLIGHT BEACH WATER SYSTEM**  
**Depreciation Schedule by Category**  
**For the 12 Months Ended**  
**12/31/19**

Asset No.	Asset Description	Date		Life	Sold?	Cost	Accum Debr	Current	Accum Depr
		Acquired	Method				12/31/18	Depreciation	12/31/19
4012	New Res: finish/cleanup/inspect	03/31/09	SL water	25 /00	N	14,164.00	5,382.32	566.56	5,948.88
4013	New Res: interconnections	01/31/09	SL water	50 /00	N	2,799.00	531.81	55.98	587.79
4014	Clean and reline reservoir	12/22/11	SL water	25 /00	N	17,609.00	5,282.70	704.36	5,987.06
4015	Tank #2 repair work	03/26/12	St line	10	N	3,090.85	2,009.05	309.09	2,318.14
4016	Landscaping per Kohlwes agreem	09/30/12	ST LINE	15 /00	N	6,782.29	2,938.99	452.15	3,391.15
<b>Total for GROUP 4</b>						<b>207,673.14</b>	<b>101,450.31</b>	<b>4,142.74</b>	<b>105,593.05</b>

<b>GROUP 5 - Water mains</b>									
5001	All distribution mains	10/31/90	200% DB	5 /00	N	1.00	0.00	0.00	0.00
5002	Emerg hookup to SL Beach Water System	07/31/91	St line	25 /00	N	281.00	281.00	0.00	281.00
5003	Transport mains: wells to reservoirs	05/31/92	St line	25 /00	N	1,967.00	1,967.00	0.00	1,967.00
5004	Main under road @ 2400 SL Bch	01/27/93	St line	25 /00	N	210.00	210.00	0.00	210.00
5005	Main drill under road @ 2400 SLB	02/28/93	St line	25 /00	N	297.00	297.00	0.00	297.00
5006	Standpipe near Hanify's	02/08/93	St line	25 /00	N	457.00	457.00	0.00	457.00
5007	Main engineering @ 2400 SLB	03/06/93	St line	25 /00	N	339.00	339.00	0.00	339.00
5008	Standpipe & drain end of SLB	06/10/93	St line	25 /00	N	1,951.00	1,951.00	0.00	1,951.00
5009	Repace SLB main - 8" plastic	21/01/95	St line	50 /00	N	134,824.00	47,187.20	2,696.48	49,883.68
5010	Replace mains - engineering	12/31/95	St line	50 /00	N	47,389.00	22,273.38	947.78	23,221.16
5011	Standpipe: Sun Vista	06/30/95	St line	25 /00	N	373.00	350.32	14.92	365.24
5012	Replace mains - Dassel/Lincoln	06/30/96	SL water	50 /00	N	26,429.00	11,893.18	528.58	12,421.76
5013	Repace mains - Dassel/Lincoln	08/31/96	SL water	50 /00	N	5,959.00	2,681.78	119.18	2,800.96
5014	Reservoir fill line: add check valve	07/31/98	ADS water	50 /00	N	1,674.00	686.34	33.48	719.82
5015	Replace SV main - engineering	12/31/00	SL water	50 /00	N	292.00	108.04	5.84	113.88
5016	Upgrade service line - Hanify, et al	12/31/00	SL water	50 /00	N	1,456.00	538.72	29.12	567.84
5017	Transport mains - 4", 6", 8" coupli?	12/31/00	SL water	50 /00	N	507.00	187.59	10.14	197.73
5018	6" main/hydrants SV	10/31/01	SL water	50 /00	N	98,997.00	34,648.95	1,979.94	36,628.89
5019	6" main - engineering SV	10/31/01	SL water	50 /00	N	2,833.00	991.55	56.66	1,048.21
5020	6" main - other costs SV	10/31/01	SL water	50 /00	N	1,657.00	579.95	33.14	613.09
5021	6" main - engineering SV	03/31/02	SL water	50 /00	N	210.00	69.30	4.20	73.50
<b>Total for GROUP 5</b>						<b>328,103.00</b>	<b>127,698.30</b>	<b>6,459.46</b>	<b>134,157.76</b>

<b>GROUP 6 - Pressure system</b>									
6001	Pressure tanks & controller/timer/	08/20/97	SL water	25 /00	N	19,768.00	16,209.40	790.72	17,000.12
6002	Generator: 45kw/pad/fence/prop?	03/30/97	SL water	25 /00	N	47,167.00	38,676.60	1,886.68	40,563.28
6003	Landscape generator area	10/31/98	ST LINE	15 /00	N	1,072.00	1,072.00	0.00	1,072.00
6004	Generator cover - built by Andy	08/31/02	ST LINE	10 /00	N	964.00	964.00	0.00	964.00
6005	Engineering - replace pumps	12/31/02	SL water	25 /00	N	638.00	395.56	25.52	421.08
6006	Prepare bids - replace pumps	12/31/02	SL water	25 /00	N	50.00	31.00	2.00	33.00
6007	Prepare bids-pumps/pressure system	03/31/03	SL water	25 /00	N	1,399.00	811.42	55.96	867.38
6008	4 booster pumps & mag starters	04/30/04	SL water	25 /00	N	10,548.00	5,695.92	421.92	6,117.84
6009	Booster pumps piping & controls	06/30/04	SL water	25 /00	N	9,766.00	5,273.64	390.64	5,664.28
6010	Booster pumps wiring & 7.5hp pro?	11/20/04	SL water	25 /00	N	3,962.00	2,139.48	158.48	2,297.96
6011	Generatir thermostat	09/30/04	SL water	25 /00	N	79.00	42.66	3.16	45.82
6012	Booster pumps air charger	01/31/05	SL water	25 /00	N	297.00	148.50	11.88	160.38
6013	Compressor & installation	07/31/08	SL water	25 /00	N	1,805.00	685.90	72.20	758.10
<b>Total for GROUP 6</b>						<b>97,515.00</b>	<b>72,146.08</b>	<b>3,819.16</b>	<b>75,965.24</b>

**SUN VISTA/SUNLIGHT BEACH WATER SYSTEM**  
**Depreciation Schedule by Category**  
**For the 12 Months Ended**  
**12/31/19**

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 12/31/18	Current Depreciation	Accum Depr 12/31/19
<b>GROUP 7 - Meters</b>									
7001	Meters purchased with system	10/31/90	ST LINE	5 /00	N	1.00	1.00	0.00	1.00
7002	Meters installed	09/30/92	ST LINE	10 /00	N	7,331.00	7,330.90	0.10	7,331.00
7003	Meters installed	06/10/93	ST LINE	25 /00	N	1,124.00	1,101.20	22.80	1,124.00
7004	Meter setter	08/11/93	ST LINE	25 /00	N	49.00	48.20	0.80	49.00
7005	Meters parts & installation	12/31/95	SI water	25 /00	N	1,823.00	1,640.40	72.92	1,713.32
7006	Meters: 12 installed	07/31/97	SI water	25 /00	N	571.00	467.80	22.84	490.64
7007	Meters: 20 replaced	01/01/98	SI water	25 /00	N	2,029.00	1,582.62	81.16	1,663.78
7008	Meters: 10 purchased	07/31/99	SI water	25 /00	N	365.00	270.10	14.60	284.70
7009	10 meters, 5 boxes, 5 resetters	12/31/00	SI water	25 /00	N	844.00	590.80	33.76	624.56
7010	Meters: 5 VH42-15W resetters	02/28/01	SI water	25 /00	N	320.00	211.20	12.80	224.00
7011	Meters: 1 installed	08/16/04	SI water	25 /00	N	27.00	14.58	1.08	15.66
<b>Total for GROUP 7</b>						<b>14,484.00</b>	<b>13,258.80</b>	<b>262.86</b>	<b>13,521.66</b>
<b>GROUP 8 - Other Water System Equipment</b>									
8001	Heater: for pump house #1	01/31/91	ST LINE	5 /00	N	143.00	143.00	0.00	143.00
8002	Compressor: pump house #1	01/27/93	ST LINE	5 /00	N	194.00	194.00	0.00	194.00
8003	Pipe plug: hi pressure 4.23" ID	01/20/97	SI water	25 /00	N	442.00	362.60	17.68	380.28
8004	Water level monitoring equipment	10/04/12	ST LINE	5	N	1,578.05	1,578.05	0.00	1,578.05
<b>Total for GROUP 8</b>						<b>2,357.05</b>	<b>2,277.65</b>	<b>17.68</b>	<b>2,295.33</b>
<b>GROUP 9 - Office equipment</b>									
9001	Sign - Sunlight Beach	12/10/90	ST LINE	10 /00	N	30.00	28.50	0.00	28.50
9002	Tape recorder	10/04/90	ST LINE	5 /00	N	44.00	44.00	0.00	44.00
9003	Copier: Cannon	10/31/91	ST LINE	5 /00	N	753.00	753.00	0.00	753.00
9004	Epson Projector	07/31/19	ST LINE	3 /00	N	387.00	0.00	53.75	53.75
<b>Total for GROUP 9</b>						<b>1,214.00</b>	<b>825.50</b>	<b>53.75</b>	<b>879.25</b>
<b>GROUP 10 - Water treatment</b>									
10001	Ozone filter system	11/30/95	ST LINE	20 /00	N	48,783.00	48,783.00	0.00	48,783.00
10002	Oz filter adjustment: engineer to kil	09/30/97	SI water	25 /00	N	120.00	98.00	4.80	102.80
10003	Hypo Chlorinator: LMI pump/50 gal	07/31/98	SI water	25 /00	N	2,117.00	1,651.26	84.68	1,735.94
10004	Hypo Chlorinator: engineering	07/31/99	SI water	25 /00	N	633.00	468.42	25.32	493.74
10005	Hypo Chlorinator: complete & certify	07/31/99	SI water	25 /00	N	326.00	241.24	13.04	254.28
10006	Oz filter: reaction chamber 2" RC	05/31/99	SI water	25 /00	N	613.00	453.62	24.52	478.14
10007	Oz generator: J tube & check valve	10/31/05	SI water	25 /00	N	9,521.00	4,760.50	380.84	5,141.34
10008	Oz bkwash/filtration chambers	06/30/09	SI water	50 /00	N	5,342.00	908.14	106.84	1,014.98
10009	Oz bkwash/filtration chambers	10/31/10	SI water	25 /00	N	2,139.00	684.48	85.56	770.04
10010	Oz bkwash/filtration chambers	10/31/10	SI water	25 /00	N	1,762.00	563.84	70.48	634.32
10011	Engineering - filtration system upgrade, var	11/30/17	ST LINE	25 /00	N	5,084.00	220.31	203.36	423.67
10012	Engineering - filtration system upgrade, var	07/31/18	ST LINE	25 /00	N	1,057.00	42.28	42.28	84.56
10013	Upgrade chlorination system on wells 1&2	04/30/18	ST LINE	25 /00	N	3,562.00	142.48	142.48	284.96
<b>Total for GROUP 10</b>						<b>81,059.00</b>	<b>59,017.57</b>	<b>1,184.20</b>	<b>60,201.77</b>
<b>GROUP 11 - Water rights &amp; easements - Amortized</b>									
11001	Easement & wtr rights from Kohlwees	10/31/90	ST LINE	33 /00	N	33,659.00	27,721.40	1,019.97	28,741.37
11002	Permit Isl Cnty to cross road	02/11/93	ST LINE	3 /00	N	30.00	30.00	0.00	30.00
11003	Golder Report - Wellhead Protection Area	12/15/13	ST LINE	10 /00	N	5,000.00	2,500.00	500.00	3,000.00
<b>Total for GROUP 11</b>						<b>38,689.00</b>	<b>30,251.40</b>	<b>1,519.97</b>	<b>31,771.37</b>



**SUN VISTA/SUNLIGHT BEACH WATER SYSTEM**  
**Depreciation Schedule by Category**  
**For the 12 Months Ended**  
**12/31/19**

Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Accum Depr 12/31/18	Current Depreciation	Accum Depr 12/31/19
<b>GROUP 12 - Rounding adjustment</b>									
12001	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>
Subtotals before Additions/Dispositions - accum dep'n of tangible assets						<u>892,138.12</u>	<u>469,183.47</u>	<u>17,501.21</u>	<u>486,684.68</u>
Plus Additions Less Dispositions						0.00			0.00
Subtotal - Depreciation						469,183.47	17,501.21	486,684.68	
Subtotal - Amortization						30,251.40	1,519.97	31,771.37	
<b>Total all GROUPS</b>						<u><b>892,138.12</b></u>	<u><b>499,434.87</b></u>	<u><b>19,021.18</b></u>	<u><b>518,456.05</b></u>

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

(Excluding depreciation and amortization)

For twelve month period ending December 31 - except where noted

EXPENSES	2019 to 2018 % change	Water System Operations									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Regulatory costs - Tax and DOH</b>	<b>-19.3%</b>	<b>4,506</b>	<b>5,585</b>	<b>4,339</b>	<b>4,333</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>
Taxes: State Pub Util	-3.9%	4054	4,219	3,912	3,895	3,513	2,953	2,827	2,704	\$ 2,127	2,343
Regulatory fees	-66.9%	452	1,365	428	438	483	428	909	440	377	505
<b>Costs of running the system</b>	<b>-28.9%</b>	<b>4,498</b>	<b>6,327</b>	<b>5,152</b>	<b>4,560</b>	<b>3,677</b>	<b>3,063</b>	<b>3,114</b>	<b>3,149</b>	<b>4,052</b>	<b>2,889</b>
Purchased power	-16.4%	3472	4,151	4,435	3,780	2,936	3,063	3,114	3,116	3,025	2,769
Propane	-100.0%	-	495	229	0	582	-	-	-	-	-
Supplies-chlorine/test kits	-39.0%	1026	1,681	488	781	159	-	-	33	1,027	120
<b>Contract services</b>	<b>27.6%</b>	<b>24,280</b>	<b>19,034</b>	<b>20,389</b>	<b>22,554</b>	<b>25,489</b>	<b>23,376</b>	<b>26,214</b>	<b>18,764</b>	<b>13,801</b>	<b>14,006</b>
Certified operator	4.3%	8,484	8,132	7,956	7,956	7,956	7,793	7,824	7,627	7,989	6,652
Meter reading	-4.3%	1,593	1,665	1,565	1,565	1,565	1,565	1,565	990	1,213	758
Water testing	-29.5%	813	1,154	3,672	1,834	1,291	1,543	1,402	1,209	1,150	1,374
Repairs - normal	246.8%	10,722	3,092	2,365	5,391	7,718	1,458	5,374	525	1,088	799
Repairs - emergency	-84.9%	340	2,250	2,613	4,149	5,574	9,888	8,962	7,268	1,836	4,423
Landscaping	-15.1%	2,328	2,741	2,218	1,659	1,385	1,130	944	525	525	-
<b>Insurance</b>	<b>1.6%</b>	<b>2,866</b>	<b>2,822</b>	<b>3,771</b>	<b>3,746</b>	<b>3,694</b>	<b>3,889</b>	<b>3,971</b>	<b>3,837</b>	<b>3,673</b>	<b>1,643</b>
<b>Administrative costs</b>	<b>-3.1%</b>	<b>14,798</b>	<b>15,271</b>	<b>15,026</b>	<b>14,205</b>	<b>11,362</b>	<b>23,128</b>	<b>11,777</b>	<b>9,345</b>	<b>7,005</b>	<b>7,617</b>
President	0.0%	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,000
Treasurer	0.0%	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	600	--
CRJ/mail clerk										605	1,217
Bookkeeper	1.5%	8,398	8,271	7,576	5,855	3,912	4,406	1,960			1,400
Directors	-30.0%	1,400	2,000	2,400	3,300	2,400	4,700	3,900	4,000	2,900	2,600
Dues and Subscriptions	0.0%	200	200	250	250	250	-	617	-	-	-
Education and training	N/A			0			30		145		
CPA-tax prep	N/A						500	500	400	500	400
Professional fees	N/A						8,692				
<b>Office expenses</b>	<b>41.9%</b>	<b>2,958</b>	<b>2,084</b>	<b>2,414</b>	<b>2,177</b>	<b>1,707</b>	<b>2,652</b>	<b>1,942</b>	<b>2,265</b>	<b>2,934</b>	<b>1,435</b>
Qbooks Online - web site/data input	9.5%	929	849	657	603	642	498	592	591	81	100
Coping/Printing	-100.0%	-	57	377	281	247	7	-	743	360	134
Postage-billing/office	-9.9%	567	629	416	401	530	779	473	581	653	917
Annual/other meetings	277.0%	622	165	577	546	-42	343	335	-	514	-
Supplies/billing/travel/phone	N/A	231					725	167	-	-	9
Records storage	0.0%	300	300	300	300	300	300	375	300	250	275
Bank charges	267.9%	309	84	87	46	30	0	-	50	1,076	-
<b>Legal services</b>	<b>N/A</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,090</b>
<b>Liens: file/release</b>	<b>N/A</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>452</b>
<b>Total Operating Expenses</b>	<b>5.4%</b>	<b>53,906</b>	<b>51,123</b>	<b>51,092</b>	<b>51,576</b>	<b>24,436</b>	<b>36,112</b>	<b>24,540</b>	<b>\$ 21,740</b>	<b>\$ 20,168</b>	<b>32,974</b>
<b>Filtration System Upgrade</b>	<b>1294.7%</b>	<b>2,636</b>	<b>189</b>	<b>382</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjustments - unusual											
Attorney fees											(16,090)
<b>Expenses less unusual items</b>	<b>10.2%</b>	<b>56,542</b>	<b>51,312</b>	<b>51,474</b>	<b>51,576</b>	<b>\$ 24,436</b>	<b>\$ 36,112</b>	<b>\$ 24,540</b>	<b>\$ 21,740</b>	<b>\$ 20,168</b>	<b>16,884</b>
Hookups at end of period		167	167	166	163	163	163	163	163	163	163
Billable hookups at YE		165	165	164	161	161	161	161	161	161	161
Cash Cost per hookup/mo	10.2%	\$28.21	\$25.60	\$25.84	\$26.37	\$12.49	\$18.46	12.55	\$ 11.11	\$ 10.31	8.63
Cash Cost per hookup/Qtr	10.2%	\$84.64	\$76.81	\$77.52	\$79.10	\$37.48	\$55.39	37.64	\$ 33.34	\$ 30.93	25.90