

RESULTS OF OPERATIONS

The statement of revenues, expenses and expenditures for the year ended December 31, 2003, as compared with budget, is presented on pages thirty-one through thirty-two and a schedule of future debt service requirements is presented on page forty-five.

A detailed comparison of operating revenues with budget is presented on page thirty-three, and a detailed comparison of operating expenses with budget is presented on pages, thirty-four through thirty-nine.

Depreciation is computed on a straight-line basis using various estimated useful lives as outlined in Note 1 to the financial statements. Details are presented on page forty-three.

The reconciliation of capital expenditures as reflected in the general budget with the expenditures reflected for total capital asset additions is as follows:

Total capital expenditures--pages forty-one through forty-two	\$ 1,646,403	
Capitalized interest--net	2,062,455	
Transfers from construction in progress	40,781,930	
Contributions to capital assets construction from various improvement districts and developer installed facilities	<u>235,769</u>	
Total capital asset additions--page forty-three	\$ <u>44,726,557</u>	

Capital expenditures, as reflected on pages forty-one through forty-two, have been reclassified for purposes of capital asset additions as reflected on page forty-three.

The reconciliation of increase in net assets for the year ended December 31, 2003, with the excess of revenues over expenses and expenditures as presented in the Statement of Revenues, Expenses and Expenditures as Compared with Budget is as follows:

Increase in net assets	\$ 3,305,814	
Add		
Depreciation	\$ 3,414,376	
Loss on abandonment of assets	<u>3,202</u>	<u>3,417,578</u>
		6,723,392
Deduct		
Capital outlay	1,646,403	
Long-term debt payments	1,500,099	
Capital contributions	<u>235,769</u>	<u>3,382,271</u>
Excess of revenues over expenses and expenditures	\$ <u>3,341,121</u>	

The reconciliation of scheduled interest expense on bonds and notes with the amount reported on the Statement of Nonoperating Revenues and Expenses as Compared with Budget is as follows:

Scheduled interest payments		
Series 2000A Water System Improvement bonds	\$ 2,220,769	
Colorado Water Resources and Power Authority	462,043	
United States Department of the Interior	<u>81,643</u>	
		\$ 2,764,455
Interest on meter deposits		28,072
Accrued interest on bonds and notes, December 31, 2002		(659,903)
Accrued interest on bonds and notes, December 31, 2003		644,656
Discount amortization on Colorado Water Resources and Power Development Authority		1,133
Capitalized interest		<u>(2,062,455)</u>
 Total		 \$ <u><u>715,958</u></u>