Pine Creek Canyon Domestic Water Improvement District
Pine, Arizona
Financial Statements and
Independent Accountant's Review Report
Year Ended June 30, 2020



### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors and Management Pine Creek Canyon Domestic Water Improvement District

#### Report on Financial Statements

We have reviewed the accompanying financial statements of Pine Creek Canyon Domestic Water Improvement District (District), which comprise the statement of financial position as of June 30, 2020, and the related statements of operations and retained earnings, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of District management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Management of the District has elected to apply Financial Accounting Standards Board Statements or Interpretations to best accommodate the intended end users of the financial statements.

#### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted by the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Report on Comparative Information

We have previously reviewed Pine Creek Canyon Domestic Water Improvement District's 2019 financial statements, and our report dated September 26, 2019 concluded that we are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C. Phoenix, Arizona October 12, 2020

## STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2020

SSETS	Jun 30, 20	Jun 30, 19
Current Assets		
Checking/Savings		
National Bank of AZ Deposit	11,051.95	11,960.78
Gila County Operating Acct 922	17,659.67	31,684.24
Gila Cty Cont/Reserve Acct 926	202,709.18	83,286.97
Total Checking/Savings	231,420.80	126,931.99
Accounts Receivable		
Accounts Receivable	7,738.98	8,888.58
Total Accounts Receivable	7,738.98	8,888.58
Other Current Assets		
Water System Parts Inventory	8,600.06	7,617.16
Prepaid Insurance	5,532.14	6,377.72
Total Other Current Assets	14,132.20	13,994.88
Total Current Assets	253,291.98	149,815.45
Capital Assets		
Capital Assets		
Office Furniture & Equipment		
Dell Computer 2009	1,461.54	1,461.54
Dell Computer all in one 2019	656.89	656.89
Accum Deprec-Office F&E	-1,603.89	-1,472.49
<b>Total Office Furniture &amp; Equipment</b>	514.54	645.94
Sewer System		
Blower/Piping Improved 2015-16	7,445.28	7,445,28
Blower/piping/odor 2016-17	9,452.58	9,452.58
Contributed Sewer System 1996	110,000.00	110,000.00
Elk Rim WW Additions 2018	48,276.28	48,276.28
WWTP-Additions pre 2009	60,693.97	60,693.97
WIFA Pond Drainage Control 2009	93,383.81	93,383.81
WWTP Upgrade 2019	29,978.39	29,978.39
Accum Deprec-Waste Water System	-172,478.07	-155,822.91
Total Sewer System	186,752.24	203,407.40
Water System		200,407.40
Additions- Pump Station 2012	2,450.42	2,450.42
Shallow Well Upgrade 2018-2019	19,897.13	19,897.13
Contributed Water Plant 1996	220,000.00	220,000.00
Deep Well System Upgrade 2018	55,761.73	55,761.73
Elk Rim Water Additions 2018	116,412.66	116,412.66
PRV System Upgrade 2016-2017	40,752.31	40,752.31

# STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2020

	Jun 30, 20	Jun 30, 19
PRV System WIFA Upgrade 2018	251,563.11	251,563.1
Pump Replace Tract H 2019-20	2,711.55	
Tank Recoating Project 2012	86,146.89	86,146.89
Tank Recoating Exterior 2016	12,000.00	12,000.00
Water System Addition 1996-2009	31,417.96	31,417.96
Well Aquifer Test/Monitor 2015	6,512.00	6,512.00
Well Monitoring Transducer 2011	6,428.33	6,428.33
WIFA - Deep Well/Generator 2010	860,104.60	860,104.60
Accum Deprec-Water System	-566,021.54	-493,029.54
Total Water System	1,146,137.15	1,216,417.60
Total Capital Assets	1,333,403.93	1,420,470.94
Total Capital Assets	1,333,403.93	1,420,470.94
Other Assets		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Restricted Cash		
Replacement Reserve NBAZ Pond	1,930.46	1,568.79
Replacement Res NBAZ Deep Well	22,727.29	18,467.54
Replacement Res NBAZ Well Extra	12,498.02	9,867.26
Debt Service Reserve WIFA Pond	1,977.70	1,912.21
Debt Service Reserve WIFA Well	23,367.62	22,797.72
Debt Service Reserve WIFA Extra	14,349.83	14,000.11
Debt Service Reserve WIFA PRV	7,132.97	3,912.77
Total Other Assets	83,983.89	72,526.40
Total Other Assets	83,983.89	72,526.40
OTAL ASSETS	1,670,679.80	1,642,812.79
IABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	11,788.66	6,818.45
Total Accounts Payable	11,788.66	6,818.45
Other Current Liabilities		
Sales Tax Payable	118.78	55.41
Current Portion of LT Debt		
WIFA Pond- Drainage Control	1,378.00	1,340.00
WIFA Deep Well/Generator	16,502.00	16,006.00
WIFA Deep Well - Extra	10,302.00	10,033.00
WIFA PRV Upgrade	11,074.00	10,849.00
<b>Total Current Portion of LT Debt</b>	39,256.00	38,228.00
<b>Total Other Current Liabilities</b>	39,374.78	38,283.41
Total Current Liabilities	51,163.44	45,101.86

# STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2020

	Jun 30, 20	Jun 30, 19
Long Term Liabilities		
WIFA - Pond-Drainage Control		
Pond-Drainage Control	90,000.00	90,000.00
WIFA Loan-Forgiveness of Debt	-63,000.00	-63,000.00
WIFA-Pond-Principal Reductions	-12,730.71	-11,384.43
Less Crrnt Portion LT Debt Pond	-1,378.00	-1,340.00
Total WIFA - Pond-Drainage Control	12,891.29	14,275.57
WIFA - Deep Well/Generator		
Deep Well/Generator	625,000.00	625,000.00
WIFA-DW-Forgiveness of Debt	-312,500.00	-312,500.00
WIFA - DW Principal Reductions	-143,400.97	-127,540.83
Less Crrnt Portion LT Debt DW	-16,502.00	-16,006.00
Total WIFA - Deep Well/Generator	152,597.03	168,953.17
WIFA Deep Well Extra		
Deep Well Extra	200,000.00	200,000.00
Deep Well Extra-Principal	-88,180.47	-78,143.58
Less Crrnt Portion LT Dbt DW EX	-10,302.00	-10,033.00
Total WIFA Deep Well Extra	101,517.53	111,823.42
WIFA - PRV Upgrade		
WIFA PRV Valve Upgrade 2018	249,904.50	249,904.50
<b>PRV Upgrade Principal Reduction</b>	-23,986.12	-13,188.10
<b>Less Crrnt Portion LT Debt</b>	-11,074.00	-10,849.00
Total WIFA - PRV Upgrade	214,844.38	225,867.40
Total Long Term Liabilities	481,850.23	520,919.56
Total Liabilities	533,013.67	566,021.42
Equity		
Contribution by Elk Rim 2018	137,000.00	137,000.00
Contributions By Portal IV 1996	421,138.94	421,138.94
Retained Earnings	518,652.43	499,283.73
Net Income	60,874.76	19,368.70
Total Equity	1,137,666.13	1,076,791.37
OTAL LIABILITIES & EQUITY	1,670,679.80	1,642,812.79

### STATEMENT OF OPERATIONS AND RETAINED EARNINGS YEAR ENDED JUNE 30, 2020

	Jul '19 - Jun 20	Jul '18 - Jun 19
Ordinary Income/Expense		
Income		
Revenues		
Miscellaneous Fees		
Late Fees	1,091.42	1,124.8
Refunds	-1,330.41	1,124.0
Miscellaneous Income	0.25	526.3
Total Miscellaneous Fees	-238.74	
Property Tax Levy	90,882.72	1,651.18
Wastewater Fees	50,002.72	89,385.50
Account Establishment-WasteW	2,550.00	4 500 0
Base Wastewater Services	69,612.26	1,500.00
Sewer Installations	47,000.00	65,117.75
Total Wastewater Fees		28,200.00
Water Fees	119,162.26	94,817.75
Account Establishment Fee-Water	2 550 00	
Base and Excess Gallon Fees	2,550.00	1,650.00
Meter Installation	78,073.20	70,249.86
Total Water Fees	38,000.00	26,600.00
Total Revenues	118,623.20	98,499.86
Total Income	328,429.44	284,354.29
	328,429.44	284,354.29
Gross Profit	328,429.44	284,354.29
Expense		
Administration		
Administrative Assistant	16,790.12	16,599.32
Advertising / Recruiting		662.47
Bank Charges	184.21	49.63
Computers / Software	1,291.74	1,071.74
Depreciation	131.40	10.95
District Manager-Hrs. Exc. Ret.	17,666.00	21,038.50
District Manager - Retainer	17,160.00	16,940.00
Dues and Subscriptions	404.55	415.18
Electricity - Adm.	810.22	598.24
Equipment Repairs/Maint. Adm.		185.00
Housekeeping-Admin.	235.00	160.00
Insurance General	4,211.90	4,451.60
Licenses/Permits/Lien Filings		16.00
Miscellaneous	65.36	.3.00
Office Rent	3,618.00	3,618.00
Postage	906.34	933.22
Propane - Admin.	597.99	445.41
Small Equipment/Furniture	-31.00	168.61
		100.01

#### STATEMENT OF OPERATIONS AND RETAINED EARNINGS YEAR ENDED JUNE 30, 2020

Telephone (A via 6	Jul '19 - Jun 20	Jul '18 - Jun 19
Telephone/Ans. Serv./ Internet	4,042.60	3,604.19
Travel and Meals - Adm.	50.00	24.75
Website	1,256.45	300.00
Total Administration	71,295.91	72,731.26
Board of Directors		
Accountant Fees	4,300.00	4,200.00
Elections	749.72	85.45
Ins. Public Officials Liability	4,784.68	4,773.96
Total Board of Directors	9,834.40	9,059.41
Wastewater Operations		3,003.4
Blue Stake Services WasteW	100.00	40.00
Chemical/ Supplies WasteW	6,207.36	7,138.00
Contract Services-Non-Oper WW	2,460.00	8,793.97
Depreciation WasteW System	16,655.16	13,373.91
Electricity Wastewater	6,566.62	6,421.08
Landscape Maint./Road Rep. WW	5,000	7.50
Operator-Monthly Retainer WW	29,937.60	29,937.60
Operator Labor-Grinder Pump Isp	200.00	160.00
Operator Labor - Repairs WW	1,761.26	455.00
Parts For Infrastructure WasteW	4,168.31	1,554.66
Testing Lab/Regulatory Fees WW	3,361.00	3,164.00
Total Wastewater Operations	71,417.31	71,045.72
Water Operations		7 1,040.72
Blue Stake Service Water	240.00	280.00
<b>Building Maintenance Water</b>		5,169.63
Consulting-Hydro/Engineering	5,700.00	5,425.00
Contract Services- Non-Oper H2O	6,076.76	5,397.81
Depreciation - Water System	72,992.00	67,537.04
Diesel Fuel	0.10.16.000.000.000	334.00
Electricity Water	6,204.75	6,183.56
Landscape Maint./Road Rep. H2O	322.50	599.66
Operator-Monthly Retainer H2O	3,326.40	3,326.40
Operator Labor-Meter Install	200.00	120.00
Operator Labor-Repairs Water	3,240.00	3,455.00
Parts For Infrastructure Water	4,954.67	2,957.95
Propane - Water	127.92	138.15
Testing Lab/Regulatory Fees H2O	1,611.87	1,353.86
<b>Total Water Operations</b>	104,996.87	102,278.06
al Expense	257,544.49	255,114.45

### STATEMENT OF OPERATIONS AND RETAINED EARNINGS YEAR ENDED JUNE 30, 2020

	Jul '19 - Jun 20	Jul '18 - Jun 19
Net Ordinary Income	70,884.95	29,239.84
Other Income/Expense		20,200.01
Other Income		
Other Income		
Accounting Credit	43.20	
Interest	3,696.54	4,789.43
Total Other Income	3,739.74	4,789.43
Total Other Income	3,739.74	
Other Expense	0,700.14	4,789.43
Other Expense		
Interest/Fees for WIFA Projects	13,749.93	14,660.57
Total Other Expense	13,749.93	14,660.57
Total Other Expense	13,749.93	
Net Other Income	-10,010.19	14,660.57
let Income	60,874.76	-9,871.14 19,368.70
Retained Earnings at Beginning of Year	518,652.43	499,283,73
Retained Earnings at End of Year	579,527.19	518,652.43

#### STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2020

DEFIATIVE ASTRONO	Jul '19 - Jun 20	Jul '18 - Jun 19
PPERATING ACTIVITIES		
Net Income	60,874.76	19,368.7
Adjustments to reconcile Net Income		
to net cash provided by operations:		
Accounts Receivable	1,149.60	-2,453.7
Due from WIFA-PRV Loan		25,094.2
Sewer System Parts Inventory		1,072.8
Water System Parts Inventory	-982.90	-616.5
Prepaid Insurance	845.58	104.5
Accounts Payable	4,970.21	-6,286.4
Sales Tax Payable	63.37	-8.10
Current Liablities:Customer Deposit (refundable)	90.0.7	-308.89
Current Liablities:WIFA Pond- Drainage Control	38.00	-300.00
Current Liablities:WIFA Deep Well/Generator	496.00	
Current Liablities:WIFA Deep Well - Extra	269.00	
Current Liablities:WIFA PRV Upgrade	225.00	
et cash provided by Operating Activities		25.000.5
IVESTING ACTIVITIES	67,948.62	35,966.5
Fixed Assets:Office Furniture & Equipment:Dell Computer all in one 2019		252.04
Fixed Assets:Office Furniture & Equipment:Accum Deprec-Office F&E	191.10	-656.89
Fixed Assets:Sewer System:Elk Rim WW Additions 2017-18	131.40	10.95
Fixed Assets:Sewer System:WWTP Upgrade 2019		-42,464.94
Fixed Assets:Sewer System:Accum Deprec-Waste Water System	10.055.10	-29,978.39
Fixed Assets:Water System:Pump Replace Tract H 2019-20	16,655.16	13,373.91
Fixed Assets:Water System:Shallow Well Upgrade 2018-2019	-2,711.55	
Fixed Assets:Water System:Deep Well System Upgrade 2018		-19,897.13
Fixed Assets:Water System:Elk Rim Water Additions 2017-18		-48,341.58
Fixed Assets:Water System:Accum Deprec-Water System		-101,507.36
Other Asset-WIFA Req. Reserves:Replacement Reserve NBAZ Pond	72,992.00	67,537.04
Other Asset-WIFA Req. Reserves:Replacement Res NBAZ Deep Well	-361.67	-362.78
Other Asset-WIFA Req. Reserves:Replacement Res NBAZ Well Extra	-4,259.75	-4,265.92
Other Asset-WIFA Req. Reserves:Debt Service Reserve WIFA Pond	-2,630.51	-2,632.31
Other Asset-WIFA Req. Reserves:Debt Service Reserve WIFA Well	-65.49	-105.25
Other Asset-WIFA Req. Reserves:Debt Service Reserve WIFA Extra	-569.90	-1,489.34
	-349.97	-851.71
Other Asset-WIFA Req. Reserves:Debt Service Reserve WIFA PRV	-3,220.20	-3,133.58
et cash provided by Investing Activities	75,609.52	-174,765.28
NANCING ACTIVITIES		
WIFA - Pond-Drainage Control:WIFA-Pond-Principal Reductions	-1,346.28	-1,308.49
WIFA - Pond-Drainage Control:Less Crrnt Portion LT Debt Pond	-38.00	
WIFA - Deep Well/Generator:WIFA - DW Principal Reductions	-15,860.14	-15,383.82
WIFA - Deep Well/Generator:Less Crrnt Portion LT Debt DW	-496.00	
WIFA Deep Well Extra:Deep Well Extra-Principal	-10,036.89	-9,774.41
WIFA Deep Well Extra:Less Crrnt Portion LT Dbt DW EX	-269.00	

## PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT

#### PINE, ARIZONA

## STATEMENT OF CASH FLOWS

### YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FO	OR THE YEAR ENDED JUNE 30, 2019)
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WIFA PRIVI	Ju	ıl '19 - Jun 20	Ju	l '18 - Jun 19
WIFA - PRV Upgrade: PRV Upgrade Principal Reduction		-10,798.02		-10,577.60
WIFA - PRV Upgrade:Less Crrnt Portion LT Debt		-225.00		
Contribution by Elk Rim 2017-18				137,000.00
Net cash provided by Financing Activities		-39,069.33		99,955.68
Net cash increase for period		104,488.81		-38,843.09
Cash at beginning of period		126,931.99		165,775.08
ash at end of period		231,420.80		126,931.99
Reconciliation of Cash and Cash Equivalents to the Statement of Financial Position				
Cash Cash Build and Cash		231,420.80		126,931.99
Other Assets - Restricted Cash		83,983.89		72,526.40
Total cash and cash equivalents		315,404.69		199,458.39
Supplemental data:				
Interest paid on WIFA debt	\$	13,749.93	\$	14,660.57

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Nature of Operations

Pine Creek Canyon Domestic Water Improvement District (PCCDWID), (the District) is a rural community water and wastewater district in Pine, Arizona, providing water for the Portal IV subdivision located in Pine, AZ. The District was established in 1996 under the authority of the Gila County Board of Supervisors. The District operates under the authority of Title 48 Chapter 6 of the Arizona Revised Statues (A.R.S.).

#### B. Basis of Presentation and Accounting

The District maintains its accounting records on the accrual basis. Under this method, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when the liability for them is initially incurred. The District has elected to apply Financial Accounting Standards Board Statements or Interpretations to best accommodate the intended end users of the financial statements.

#### C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash in bank and cash and investments held by the County Treasurer. In addition, the District had cash held by a trustee for the debt service reserve. The related notes payable to the Water Infrastructure Finance Authority (WIFA) is described in Note 4.

#### D. Investment Income

Investment income is composed of interest. Investment income is included in Other Income.

### E. Property Tax Calendar

Property tax levies are calculated by applying tax rates against either the primary assessed valuation or the secondary assessed valuation. Primary and secondary valuation categories are composed of the exact same properties. However, the primary category limits the increase in property values to 10 percent from the previous year, while there is no limit to the increase in property values for secondary valuation. Override and debt service tax rates are applied to the secondary assessed valuation and all other tax rates are applied to the primary assessed valuation.

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice, and become delinquent 30 days thereafter.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

#### F. Inventory

All inventories are valued at cost using the first-in-first out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the financial statements.

#### G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Prepaid items are recorded as expenses when consumed.

#### H. Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$500 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment5 yearsWater System5-30 yearsSewer System10-30 years

#### I. Long-term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of financial position.

#### J. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### K. Subsequent Events

Subsequent events have been evaluated through October 12, 2020, which is the date the financial statements were available to be issued.

#### NOTE 2 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was \$48,208 and the bank balance was \$47,195.

Fair Value Measurements. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

#### NOTE 2 - CASH AND INVESTMENTS

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the County Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments.

At year end, the District's investments consisted of the following.

C	Average Maturities	Fair Value	
County Treasurer's investment pool	1.10 years	\$	220,369

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

*Credit Risk*. The District has no investment policy that would further limit its investment choices. As of year end, the District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

Custodial Credit Risk - Investments. The District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

#### NOTE 3 – EQUIPMENT AND SYSTEMS

Equipment and systems consist of the following:

	2020		
Computers	\$ 2,119		
Sewer system		359,230	
Water system		1,712,159	
Accumulated depreciation		(740,104)	
Total	\$	1,333,404	

Depreciation expense for the year amounted to \$89,779.

#### NOTE 4 - OTHER ASSETS

The District is required to fund monthly a debt service reserve to the Water Infrastructure Finance Authority (WIFA) as follows:

WIFA ADOT	\$ 30
WIFA Well	355
WIFA Extra	219
WIFA PRV	260
Monthly Funding	\$ 864

The debt service reserve fund requirements were met or will be met respectively, February 1, 2015 (\$1,806); February 1, 2015 (\$21,286); September 1, 2015 (\$13,148) and March 1, 2023 (\$15,584). These funds will be used in the event the District is unable to make future required payments. The District's debt service reserve deposits held by WIFA totaled \$46,828 for the year ended June 30, 2020.

The District is required to build and maintain a repair and replacement fund as follows:

<b>Annual Funding</b>	\$ 10,365
WIFA PRV	3,117
WIFA Extra	2,630
WIFA Well	4,257
WIFA ADOT	\$ 361

The WIFA repair and replacement reserve funds will be funded throughout the life of the loan. These funds will be used to pay for any major repairs or replacements of infrastructure funded by the WIFA loans during the life of the loans.

Any unused amounts remaining in the replacement reserves at the end of each loan can be utilized for any purpose, with the loans maturing by September 2029, August 2029, March 2030, and September 2037. Repair and replacement funds being held by the District as Cash in Bank totaled \$37,156 for the fiscal year ended June 30, 2020.

#### NOTE 5 - DEBT OBLIGATIONS

The District's debt consists of the following:

		2020		
Note payable WIFA Deep Well/Generator	\$	625,000		
Forgiveness of debt		(312,500)		
Principal reduction		(143,401)		
Total	\$	169,099		

The \$625,000 note is unsecured with final payment due August 1, 2029. The term of the note is 20 years at 3.053 percent. This loan is stimulus funding under the American Recovery & Reinvestment Act of 2009. Certain debt was forgiven at completion of project.

	2020		
Note payable WIFA ADOT Drainage Control	\$	90,000	
Forgiveness of debt		(63,000)	
Principal reduction		(12,731)	
Total	\$	14,269	

The \$90,000 note is unsecured with final payment due August 1, 2029. The term of the note is 20 years at 2.849 percent. This loan is stimulus funding under the American Recovery & Reinvestment Act of 2009. Certain debt was forgiven at completion of project.

	2020		
Note payable WIFA Deep Well Extra	\$	200,000	
Principal reduction		(88,180)	
Total	\$	111,820	

The \$200,000 note is unsecured with final payment due March 1, 2030. The term of the note is 20 years at 2.653 percent.

	2020	
Note payable WIFA PRV	\$	249,905
Principal reduction		(23,986)
Total	\$	225,919

The \$249,905 note is unsecured with final payment due September 1, 2037. The term of the note is 20 years at 2.064 percent.

#### NOTE 5 - DEBT OBLIGATIONS

Annual debt service requirements to maturity on notes payable at year end are summarized as follows.

Year ending Jun	e 30:	_ F	Principal	nterest nd Fees
	2021	\$	39,753	\$ 12,535
	2022		40,825	11,477
	2023		41,927	10,390
	2024		43,060	9,273
	2025		44,224	8,124
	2026-30		207,942	6,944
	2031-35		71,644	5,732
	2036-38		31,732	4,485
Total		\$	521,107	\$ 68,960

#### NOTE 6 - EQUITY

The District's equity includes Contribution by Elk Rim 2018 and Contributions by Portal IV 1996 in the amounts of \$137,000 and \$421,139, respectively. These represent developer contributions of water and sewer assets that are reflected in the depreciable assets of the District. They do not represent restricted amounts.