

Bella Vista Village Property Owners Association

Accountants' Report and Financial Statements

December 31, 2010 and 2009

Bella Vista Village Property Owners Association
December 31, 2010 and 2009

Contents

Independent Accountants' Report on Financial Statements 1

Financial Statements

Balance Sheets 2

Statements of Revenues and Expenses 3

Statements of Changes in Members' Equity..... 4

Statements of Cash Flows..... 5

Notes to Financial Statements 6

Independent Accountants' Report on Financial Statements

Board of Directors
Bella Vista Village Property Owners Association
Bella Vista, Arkansas

We have audited the accompanying balance sheets of Bella Vista Village Property Owners Association as of December 31, 2010 and 2009, and the related statements of revenue and expenses, changes in members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bella Vista Village Property Owners Association as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13, Bella Vista Village Property Owners Association has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

BKD, LLP

March 30, 2011

Bella Vista Village Property Owners Association

Balance Sheets

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Current Assets		
Cash	\$ 1,204,283	\$ 1,921,105
Investments - certificates of deposit	11,237,525	10,355,354
Restricted investments	4,292,339	8,000,000
Debt service sinking fund <i>(Note 7)</i>	793,300	363,341
Membership assessments receivable (less allowance for doubtful accounts of \$1,322,824 in 2010 and \$1,059,687 in 2009)	350,629	372,044
Water utilities receivable (less allowance for doubtful accounts of \$72,773 in 2010 and \$56,121 in 2009)	813,977	770,415
Other receivables	114,647	103,792
Inventories <i>(Note 3)</i>	369,823	469,195
Prepaid expenses	149,205	118,306
Member lots held for sale, net of estimated expenses <i>(Note 4)</i>	<u>6,599</u>	<u>4,158</u>
 Total current assets	 19,332,327	 22,477,710
 Property and Equipment, Net of Accumulated Depreciation <i>(Note 5)</i>	 45,639,616	 40,818,599
 Other Assets		
Bond issuance costs, net of accumulated amortization of \$2,450 in 2010 and \$0 in 2009.	<u>46,550</u>	<u>49,108</u>
 Total assets	 <u><u>\$ 65,018,493</u></u>	 <u><u>\$ 63,345,417</u></u>

	<u>2010</u>	<u>2009</u>
Current Liabilities		
Current portion of bonds payable (<i>Note 6</i>)	\$ 275,000	\$ -
Accounts payable	583,060	508,111
Accrued expenses (<i>Note 10</i>)	2,480,544	2,159,813
Members' deposits and prepayments	602,815	1,046,582
Deferred revenue - water fees and other	<u>435,830</u>	<u>588,833</u>
Total current liabilities	4,377,249	4,303,339
Long-term Bonds Payable, Net (<i>Note 6</i>)	<u>8,120,081</u>	<u>8,383,506</u>
Total liabilities	<u>12,497,330</u>	<u>12,686,845</u>
Members' Equity		
Contributed capital	32,628,284	32,628,284
Cumulative excess of revenue over expenses		
Undesignated	19,099,579	17,666,947
Designated for debt service	<u>793,300</u>	<u>363,341</u>
Total members' equity	<u>52,521,163</u>	<u>50,658,572</u>
Total liabilities and members' equity	<u>\$ 65,018,493</u>	<u>\$ 63,345,417</u>

Bella Vista Village Property Owners Association

Statements of Revenues and Expenses Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenue		
Water	\$ 7,179,225	\$ 6,902,218
Sanitation	29,664	29,365
Member assessments	8,464,907	8,628,967
Golf cart rentals and green fees	3,966,472	4,241,621
Community and recreation center fees	851,021	874,374
Pro shop clothing and equipment sales	433,521	440,190
Outdoor activities and recreational vehicle park fees	502,569	481,767
Interest income - certificates of deposit	168,856	290,980
Golf vending and recreation beverage sales	72,548	67,316
Other recreation	40,828	44,725
Interest income - debt service	24,359	873
Income - City of Bella Vista	1,218,613	1,179,965
Other income (Note 8)	<u>1,241,750</u>	<u>1,548,191</u>
Total revenue	24,194,333	24,730,552
Less cost of goods sold	<u>2,129,492</u>	<u>2,141,678</u>
Gross profit	<u>22,064,841</u>	<u>22,588,874</u>
Expenses		
Program services		
Operating expenses	14,706,331	14,301,377
Depreciation	<u>2,240,205</u>	<u>2,433,487</u>
Total program services	<u>16,946,536</u>	<u>16,734,864</u>
General and administrative		
Operating expenses	3,088,972	3,366,640
Depreciation	<u>166,742</u>	<u>194,430</u>
Total general and administrative	<u>3,255,714</u>	<u>3,561,070</u>
Total expenses	<u>20,202,250</u>	<u>20,295,934</u>
Excess of Revenues Over Expenses	<u>\$ 1,862,591</u>	<u>\$ 2,292,940</u>

Bella Vista Village Property Owners Association
Statements of Changes in Members' Equity
Years Ended December 31, 2010 and 2009

	<u>Contributed Capital</u>	<u>Undesignated</u>	<u>Designated for Debt Service</u>	<u>Total Members' Equity</u>
Balance, January 1, 2009	\$ 32,628,284	\$ 15,548,756	\$ 188,592	\$ 48,365,632
Extinguishment of debt service designated for Series 2002 bonds	-	188,592	(188,592)	-
Designation of debt service for Series 2009 bonds	-	(363,341)	363,341	-
Excess of revenues over expenses	-	<u>2,292,940</u>	<u>-</u>	<u>2,292,940</u>
Balance, December 31, 2009	32,628,284	17,666,947	363,341	50,658,572
Designation of debt service for Series 2009 bonds	-	(429,959)	429,959	-
Excess of revenues over expenses	-	<u>1,862,591</u>	<u>-</u>	<u>1,862,591</u>
Balance, December 31, 2010	<u>\$ 32,628,284</u>	<u>\$ 19,099,579</u>	<u>\$ 793,300</u>	<u>\$ 52,521,163</u>

Bella Vista Village Property Owners Association
Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	2010	2009
Operating Activities		
Excess of revenues over expenses	\$ 1,862,591	\$ 2,292,940
Items not requiring (providing) operating activities cash flows		
Depreciation	2,406,947	2,627,917
Amortization of bond issue costs	14,133	24,061
Gain on disposals of property, plant and equipment	(43,453)	(21,237)
Changes in		
Membership assessments receivable	21,415	(31,228)
Water utilities and other receivables	(54,417)	3,672
Inventories	99,372	61,493
Prepaid expenses	(30,899)	24,158
Member lots held for sale	(2,441)	12,262
Accounts payable	74,949	(371,647)
Accrued expenses	320,731	(422,356)
Due to members	(596,770)	328,984
	4,072,158	4,529,019
Net cash provided by operating activities		
Investing Activities		
Purchases of certificates of deposit	(882,171)	(1,874,359)
Decrease (increase) in restricted funds	3,277,702	(8,174,749)
Additions to property, plant and equipment	(7,237,833)	(2,274,934)
Proceeds from sale of property, plant and equipment	53,322	21,900
	(4,788,980)	(12,302,142)
Net cash used in investing activities		
Financing Activities		
Proceeds from issuance of bonds payable	-	8,363,341
Principal payments on bonds payable	-	(420,000)
	-	7,943,341
Net cash provided by financing activities		
Net Increase (Decrease) in Cash	(716,822)	170,218
Cash, Beginning of Year	1,921,105	1,750,887
Cash, End of Year	\$ 1,204,283	\$ 1,921,105
Supplemental Cash Flows Information		
Bond issuance costs acquired via debt	\$ -	\$ 49,108
Interest paid	\$ 223,367	\$ 26,914

Bella Vista Village Property Owners Association

Notes to Financial Statements

December 31, 2010 and 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Bella Vista Village Property Owners Association (the "Association") is a nonprofit association formed on May 18, 1965, under the Bella Vista Village Covenants and Restrictions as filed by the Association and Cooper Communities, Inc. (the "Developer"). Membership in the Association is attained by the purchase of property within the area known as Bella Vista Village, Arkansas (the "Village") and is terminated upon the sale of that property. Lots are platted and sold by the Developer. At December 31, 2010 and 2009, there were 38,304 and 38,404, respectively, platted lots in the Village subject to annual membership assessments.

The Association owns and operates golf courses, clubhouses, golf pro shops, recreational facilities and a recreational vehicle park. The Association provides water services within the Village. Sanitation and street maintenance responsibilities were transferred to the City of Bella Vista (the "City") in 2008. The Association provides billing and collection service for sanitation to the City on a contractual basis. These services are provided on behalf of the property owners who pay an annual assessment and, in many cases, a usage charge for these services.

The Bella Vista Village Covenants and Restrictions provide that the Developer may construct water systems, roads and streets (dedicated to the public or as common properties for the use of property owners), lakes, golf courses, parks and permanent recreational plots, as it deems feasible, but has no obligation to construct such facilities. The Developer may convey title to common properties to the Association after construction is completed or at an earlier time should they so desire.

Use of Estimates

The preparation of 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 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.

Investments and Investment Return

Investments in certificates of deposit are carried at cost which approximates fair value. All other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Restricted investments consist of a fully collateralized money market account. Investment return includes interest income.

Bella Vista Village Property Owners Association

Notes to Financial Statements

December 31, 2010 and 2009

Property and Equipment

For the years ended December 31, 2010 and 2009, the Association capitalized all fixed asset expenditures in excess of \$10,000, as property and equipment. These are capitalized at cost, if acquired or constructed by the Association, or the Developer's cost, which approximates fair value, if contributed. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the respective assets.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	2 - 40 years
Community centers	5 - 40 years
Buildings and building improvements	2 - 40 years
Equipment	2 - 40 years

The Organization capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred each year was:

	<u>2010</u>	<u>2009</u>
Interest costs capitalized	\$ 364,879	\$ -
Interest costs charged to expense	<u>8,605</u>	<u>19,648</u>
Total interest incurred	<u>\$ 373,484</u>	<u>\$ 19,648</u>

Common Property

The Association holds title to property consisting of eight golf courses, seven lakes, all parks, water distribution equipment, five clubs with food and beverage facilities, as well as various other buildings and equipment. The Association maintains all properties to which title is held. All streets and roads within the Village were constructed by the Developer and deeded to the County. At incorporation of the City, all streets and roads were transferred to the City. In the past the Association has assumed the responsibility for costs of maintaining such streets and roads whenever the County or City does not maintain them. In November 2008, the City contracted with the Association to provide street maintenance for the City. During 2010, the Association received \$1,218,613 for street maintenance.

Bella Vista Village Property Owners Association

Notes to Financial Statements

December 31, 2010 and 2009

Inventory Pricing

Inventories are stated at the lower of cost or market using average cost methods. Inventory consists primarily of golf maintenance supplies and merchandise for sale.

Income Taxes

The Association is classified as a tax-exempt Association under Internal Revenue Code Section 501(c)(4). Therefore, no provision is made for income taxes. The Association has been classified as an Association that is not a private foundation under Section 509(a) of the Internal Revenue Code.

The Association files tax-exempt returns in the U.S. federal jurisdiction and the state of Arkansas. The Association is not subject to U.S. federal, state and local tax examinations by tax authorities for years before 2007.

Bond Issuance Cost

Bond issuance costs are being amortized using the straight line method over the life of the bonds, which is ten years. Amortization expense amounted to \$14,133 and \$24,061 for the years ended December 31, 2010 and 2009, respectively.

Basis of Presentation

FASB Accounting Standards Codification (ASC) 972, Real Estate – Common Interest Realty Associations presents recommendations on, and descriptions of, financial accounting and reporting principles and practices for common interest realty associations. Except for not providing required supplementary information regarding estimated future costs of repairs and replacement of common property, as described in Note 13, the Association's financial statements comply with the applicable provisions of ASC 972.

Basis of Accounting

The Association's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which they are incurred.

Bella Vista Village Property Owners Association

Notes to Financial Statements

December 31, 2010 and 2009

Membership Assessments Receivable

Association members are subject to monthly assessments which provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Membership assessments receivable at the balance sheet date represent uncollected monthly assessments.

The allowance for doubtful accounts is based on management's estimate of the overall collectibility of assessments receivable based on historical experience. Accounts are charged against the allowance when management forecloses on the lots, which is generally when accounts are deemed delinquent. Accounts older than 365 days are considered delinquent.

Water Utilities Receivable

Association members receive water services which are provided by the Association. Sanitation services are contracted by the City with an outside unrelated party. Billing and collection are handled by the Association via a service agreement with the City.

The allowance for doubtful accounts is based on management's estimate of the overall collectibility of utilities receivable based on historical experience. Accounts are charged against the allowance when deemed uncollectible. Accounts are considered delinquent on the 15th day of the month following the month of service. Past due accounts are not charged interest.

Members' Deposits and Prepayments

Members' prepayments consist primarily of assessments paid in advance. Members' deposits are generally a deposit for water service.

Self-insured Health Coverage

The Association elects to self-insure certain costs related to employee health coverage. Costs of coverage resulting from noninsured losses are charged to expense as incurred. The Association purchases insurance that limits its exposure for individual and aggregate claims.

Note 2: Risk of Accounting Loss

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. The Association has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash. At December 31, 2010, the Association's cash accounts exceeded federally insured limits by approximately \$907,000 as allowed by board policy.

Bella Vista Village Property Owners Association
Notes to Financial Statements
December 31, 2010 and 2009

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

Note 3: Inventories

Inventories at December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Mechanic and maintenance	\$ 178,456	\$ 274,860
Food and beverage	2,121	1,004
Fuel	16,384	19,477
Golf pro shop	154,505	153,199
Other	<u>18,357</u>	<u>20,655</u>
	<u>\$ 369,823</u>	<u>\$ 469,195</u>

Note 4: Member Lots Held for Sale

Member lots held for sale, amounting to \$6,599 and \$4,158 at December 31, 2010 and 2009, respectively, consists of lots obtained from property owners through foreclosure as a result of failure by the property owners to pay membership assessments. Amounts consist primarily of unpaid assessments and any related property taxes paid by the Association which is estimated realizable value.

Bella Vista Village Property Owners Association

Notes to Financial Statements

December 31, 2010 and 2009

Note 5: Property and Equipment

Property and equipment at December 31 consists of:

	2010	2009
Capital projects	\$ 6,290,998	\$ 866,465
Land	18,700,988	18,700,988
Land improvements	8,578,906	8,233,181
Community centers	2,554,352	2,554,352
Buildings and building improvements	14,943,914	14,651,295
Equipment	34,606,038	34,405,463
	85,675,196	79,411,744
Less accumulated depreciation	40,035,580	38,593,145
	\$ 45,639,616	\$ 40,818,599

Note 6: Bonds Payable

The Association has entered into agreements with the Bentonville, Arkansas Public Facilities Board (Facilities Board) in connection with tax exempt bonds issued by the Facilities Board under which the Association is obligated to provide for the retirement of such bonds and related interest payments.

- (A) The Facilities Board issued \$8,615,000 of Water Revenue Construction Bonds, Series 2009, dated December 1, 2009, maturing serially on January 1, 2011 through 2030, with interest payable semiannually at rates ranging from 1.50% to 5.00%. The proceeds of such bonds are being used to finance the costs of capacity construction and maintenance and repair on existing water lines.

The Association's water capital buy in fees are pledged as security for the capacity construction portion of the bonds and water revenues are pledged as security for the maintenance and repair portion of the bonds.

	2010	2009
Water Revenue Construction Bonds, Series 2009 (A)	\$ 8,615,000	\$ 8,615,000
Less discount on issuance of bonds	(219,919)	(231,494)
Total bonds payable, net of discount	8,395,081	8,383,506
Less current maturities	275,000	-
	\$ 8,120,081	\$ 8,383,506

Bella Vista Village Property Owners Association
Notes to Financial Statements
December 31, 2010 and 2009

Aggregate annual maturities of long-term debt at December 31, 2010, are:

Year	Principal	Interest	Total
2011	\$ 275,000	\$ 356,546	\$ 631,546
2012	315,000	350,646	665,646
2013	320,000	343,496	663,496
2014	325,000	334,621	659,621
2015	330,000	324,384	654,384
2016-2020	1,875,000	1,413,303	3,288,303
2021-2025	2,300,000	972,808	3,272,808
2026-2030	<u>2,875,000</u>	<u>369,886</u>	<u>3,244,886</u>
Total	<u>\$ 8,615,000</u>	<u>\$ 4,465,690</u>	<u>\$ 13,080,690</u>

Interest expense amounted to \$8,605 and \$19,648 for the years ended December 31, 2010 and 2009, respectively.

Note 7: Restricted Funds

Restricted funds result from requirements of the water revenue refunding bonds and the water revenue construction bonds. The Association is required to make deposits into a debt service fund. The debt service fund is required to maintain a balance equal to the current portion of the note payable. These funds are in a government securities mutual fund. At December 31, 2010 and 2009, the Association was in compliance with the debt service requirement, and the balance of the debt service fund was \$793,300 and \$363,341, respectively.

Note 8: Other Income

Other income consisted of the following:

	<u>2010</u>	<u>2009</u>
Property income	\$ 410,219	\$ 608,227
Recognition of water fees	546,965	444,925
Street maintenance fee	27,574	28,575
Miscellaneous income	<u>256,992</u>	<u>466,464</u>
Total other income	<u>\$ 1,241,750</u>	<u>\$ 1,548,191</u>

Bella Vista Village Property Owners Association

Notes to Financial Statements

December 31, 2010 and 2009

Note 9: Operating Leases

The Association leases golf carts, golf maintenance equipment and copiers under separate noncancelable operating leases. The leases expire in varying periods through April 2013.

Lease expense charged to operations amount to \$780,561 and \$710,902 for the years ended December 31, 2010 and 2009, respectively.

Future minimum lease payments under operating leases are:

2011	\$ 481,272
2012	256,287
2013	104,313
2014	36,369
2015	<u>15,659</u>
Total minimum lease payments	<u>\$ 893,900</u>

Note 10: Accrued Expenses

At December 31, 2010 and 2009, accrued expenses of the Association consisted of the following:

	<u>2010</u>	<u>2009</u>
Accrued payroll and related taxes	\$ 148,077	\$ 118,600
Accrued vacation	333,588	321,534
Accrued sick leave	992,653	946,634
Accrued interest	183,738	33,621
Accrued property and city franchise taxes	110,178	107,260
Accrued sales, beverage and use taxes	35,803	30,852
Accrued self-insured health plan costs	438,446	355,972
Miscellaneous accruals	<u>238,061</u>	<u>245,340</u>
	<u>\$ 2,480,544</u>	<u>\$ 2,159,813</u>

Bella Vista Village Property Owners Association

Notes to Financial Statements

December 31, 2010 and 2009

Note 11: Employee Benefit Plans

Self-Insured Medical Plan

The Association has a self-insurance program for medical and dental coverage for its employees. The Association limits its losses through the use of a separate excess risk policy. Specific individual losses for claims are limited to \$65,000 a year. The Association's aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees. For December 31, 2010 and 2009, expense incurred under this plan was \$1,638,681 and \$1,015,388, respectively.

A provision for losses expected under this program is recorded based upon the Association's estimates of aggregate liability for claims incurred. At December 31, 2010 and 2009, the provision for loss was \$438,446 and \$355,972, respectively. The amount of actual losses incurred could differ materially from the estimates reflected in these financial statements.

Defined Contribution Retirement Plan

The Association has a defined contribution retirement plan covering substantially all full-time employees. The Association's contributions are limited to 5% of total compensation paid participants during the plan year. Matching contributions by the Association were \$220,747 and \$209,485 for the years ended December 31, 2010 and 2009, respectively.

Note 12: Commitments and Contingencies

During the year ended December 31, 2009, the Board of Directors approved water capacity expansion projects and maintenance and repair projects with an estimated completion date of January 2012 and an estimated cost of \$8,000,000. These projects are being funded primarily with the proceeds from the Water Revenue Construction Bonds, Series 2009 issued in December 2009.

The Association has performed an internal study to determine the estimated cost to perform necessary upgrades and maintenance on the water system through the year 2025. Management's estimate of these additional costs is approximately \$16,117,500 in 2010 dollars.

Note 13: Future Major Repairs and Replacements

The Association's governing documents do not require funds to be accumulated specifically for future major repair and replacement needs. Maintenance and repairs are funded through membership assessments and various usage fees. When replacement funds are needed to meet future major repairs and replacements, the Association has the right to conduct a vote of its members for passage of an increase in regular assessments or creation of special assessments, utilize existing funds, borrow to finance expenditures, or delay major repairs and replacements

Bella Vista Village Property Owners Association

Notes to Financial Statements

December 31, 2010 and 2009

until funds are available. During 2010 and 2009, no assessments were made specifically for major repairs and replacements.

With the exception of water services, a study to determine the remaining useful lives of the components of common property or estimated costs of future major repairs and replacements has not been completed.

Note 14: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Current Economic Conditions

The current protracted economic decline continues to present some property owners associations with difficult circumstances and challenges, which may result in large and unanticipated declines in the fair value of real estate and other assets, declines in the number of property owners, and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Association.

Current economic and financial market conditions have led many property owners to relocate or face foreclosure. Such conditions may significantly impact the rate at which the Association's property owners pay their assessment and the Association's ability to sell existing lots, which could have an adverse impact on the Association's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in real estate values and allowances for accounts receivable that could negatively impact the Association's ability to meet debt covenants or maintain sufficient liquidity.

Major Water Supplier

During the year ended December 31, 2010 and 2009, the Association purchased water from two unrelated suppliers. The suppliers provided 85% and 15% of the Association's water, respectively in 2010 and 83% and 17% of the Association's water, respectively in 2009.

Bella Vista Village Property Owners Association

Notes to Financial Statements

December 31, 2010 and 2009

Note 15: Allocation of Expenses

2010	Cost of Goods Sold	Operating Expenses	Depreciation	Total
Program Services				
Water utility	\$ 1,799,345	\$ 3,215,491	\$ 939,969	\$ 5,954,805
Maintenance	-	1,309,295	115,226	1,424,521
Street	-	1,258,679	81,854	1,340,533
Recreation	330,147	8,922,866	1,103,156	10,356,169
Total program services	2,129,492	14,706,331	2,240,205	19,076,028
Management and general				
General and administrative	-	3,088,972	166,742	3,255,714
Total	<u>\$ 2,129,492</u>	<u>\$ 17,795,303</u>	<u>\$ 2,406,947</u>	<u>\$ 22,331,742</u>

2009	Cost of Goods Sold	Operating Expenses	Depreciation	Total
Program Services				
Water utility	\$ 1,773,441	\$ 3,240,509	\$ 1,005,330	\$ 6,019,280
Maintenance	-	1,274,957	127,625	1,402,582
Street	-	1,163,011	91,892	1,254,903
Recreation	357,024	8,622,900	1,208,640	10,188,564
Total program services	2,130,465	14,301,377	2,433,487	18,865,329
Management and general				
General and administrative	11,213	3,366,640	194,430	3,572,283
Total	<u>\$ 2,141,678</u>	<u>\$ 17,668,017</u>	<u>\$ 2,627,917</u>	<u>\$ 22,437,612</u>

Note 16: Subsequent Event

Subsequent events have been evaluated through March 30, 2011, which is the date the financial statements were available to be issued.