

Hacker Accounting LLC

13201 N. 35th Avenue, Ste. B-3

Phoenix, AZ 85029

October 27, 2013

Sunburst Farms Irrigation District
16040 N. 43rd Ave
Glendale, AZ 85306-2733

We have prepared the accompanying balance sheet of Sunburst Farms Irrigation District for September 30, 2013 and the related statement of income for the current month and year to date periods then ended. We have also attached an Aging Summary comparing this year's receivables with last year's.

The objective of these reports is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the reports. The intended purpose of these reports is for management discussion and review.

Hacker Accounting LLC

Sunburst Farms Irrigation District
Balance Sheet
 As of September 30, 2013

| | Sep 30, 13 |
|--|---------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 111 · Cash on Hand | 100.00 |
| 114 · Compass Cap/Expd/Dep | 240,151.39 |
| 116 · Cash-MM | 106,492.36 |
| 117 · Checking/Compass | 73,300.07 |
| Total Checking/Savings | 420,043.82 |
| Accounts Receivable | |
| 121 · Accounts Receivable | 100,191.21 |
| Total Accounts Receivable | 100,191.21 |
| Other Current Assets | |
| 140 · Prepaid Insurance | 7,286.42 |
| 1499 · Undeposited Funds | 747.15 |
| Total Other Current Assets | 8,033.57 |
| Total Current Assets | 528,268.60 |
| Fixed Assets | |
| 1210 · Land | 9,000.00 |
| 1220 · Water District System | 1,751,106.31 |
| 1230 · Buildings & Improvements | 13,366.41 |
| 1240 · Machinery & Equipment | 22,782.00 |
| 1241 · Motor for 43rd Avenue | 24,679.00 |
| 1242 · 39th Ave Pump-2013 | 63,641.67 |
| 1243 · 43rd Ave Pump-2013 | 106,235.63 |
| 1250 · Transportation Equipment | 69,377.45 |
| 1260 · Office Furn & Fixtures | 21,677.94 |
| 1281 · GPS Tracking - 2012 | 245.65 |
| 1320 · Accum Depreciation | -958,432.12 |
| Total Fixed Assets | 1,123,679.94 |
| Other Assets | |
| 120 · Refundable Deposits | 2,038.00 |
| Total Other Assets | 2,038.00 |
| TOTAL ASSETS | 1,653,986.54 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| 201 · Payroll Liabilities | 13.71 |
| 203 · Accrued Power/Water | 13,789.14 |
| 204 · Other Accrued Expenses | 5,224.83 |
| Total Other Current Liabilities | 19,027.68 |
| Total Current Liabilities | 19,027.68 |
| Total Liabilities | 19,027.68 |
| Equity | |
| 209 · Retained Earnings | 1,620,260.37 |
| Net Income | 14,698.49 |
| Total Equity | 1,634,958.86 |
| TOTAL LIABILITIES & EQUITY | 1,653,986.54 |

Sunburst Farms Irrigation District
Profit Loss Budget vs Actual
September 2013

| | <u>Sep 13</u> | <u>Budget</u> | <u>Variance</u> | <u>Jul - Sep 13</u> | <u>YTD Budget</u> | <u>Variance</u> |
|---|------------------|------------------|-------------------|---------------------|-------------------|-------------------|
| Ordinary Income/Expense | | | | | | |
| Income | | | | | | |
| 211 · Water Fees | 14,290.92 | 27,606.00 | -13,315.08 | 74,712.66 | 87,312.00 | -12,599.34 |
| 212 · Member Fees | 31,439.16 | 31,439.17 | -0.01 | 94,317.48 | 94,317.51 | -0.03 |
| 213 · Other Services | 20.00 | 40.00 | -20.00 | 20.00 | 120.00 | -100.00 |
| 214 · Escrow Transfer Fees | 400.00 | 300.00 | 100.00 | 1,000.00 | 900.00 | 100.00 |
| 215 · Finance Charges | 869.76 | 600.00 | 269.76 | 2,523.59 | 1,800.00 | 723.59 |
| 219 · Misc/Other Income | 103.00 | 100.00 | 3.00 | 7,218.83 | 300.00 | 6,918.83 |
| Total Income | <u>47,122.84</u> | <u>60,085.17</u> | <u>-12,962.33</u> | <u>179,792.56</u> | <u>184,749.51</u> | <u>-4,956.95</u> |
| Cost of Goods Sold | | | | | | |
| 310 · Direct Costs of Water Delivery | | | | | | |
| 311 · Purchases-Power | 9,798.39 | 17,050.00 | -7,251.61 | 50,492.60 | 53,950.00 | -3,457.40 |
| 331 · State Water Fees | 583.34 | 583.34 | 0.00 | 1,750.02 | 1,750.02 | 0.00 |
| 351 · Pump Supply "Oil" | 0.00 | 100.00 | -100.00 | 0.00 | 300.00 | -300.00 |
| 352 · Transportation Gas/Oil | 635.91 | 1,354.50 | -718.59 | 2,800.16 | 4,284.00 | -1,483.84 |
| 361 · Irrigation Labor | 1,590.00 | 6,880.00 | -5,290.00 | 15,466.67 | 21,760.00 | -6,293.33 |
| 371 · Payroll Taxes & Fringe | 124.89 | 559.00 | -434.11 | 1,181.76 | 1,767.00 | -585.24 |
| 372 · Irrigators-Health Insurance | 532.04 | 515.54 | 16.50 | 1,596.12 | 1,675.68 | -79.56 |
| Total 310 · Direct Costs of Water Delivery | <u>13,264.57</u> | <u>27,042.38</u> | <u>-13,777.81</u> | <u>73,287.33</u> | <u>85,486.70</u> | <u>-12,199.37</u> |
| Total COGS | <u>13,264.57</u> | <u>27,042.38</u> | <u>-13,777.81</u> | <u>73,287.33</u> | <u>85,486.70</u> | <u>-12,199.37</u> |
| Gross Profit | <u>33,858.27</u> | <u>33,042.79</u> | <u>815.48</u> | <u>106,505.23</u> | <u>99,262.81</u> | <u>7,242.42</u> |
| Expense | | | | | | |
| 400 · Overhead Costs | | | | | | |
| 362 · Salaries-Supervisor | 3,050.72 | 3,065.59 | -14.87 | 9,892.63 | 9,963.11 | -70.48 |
| 363 · Admin Payroll Expense | 2,983.16 | 2,997.45 | -14.29 | 9,673.55 | 9,741.64 | -68.09 |
| 364 · Payroll Taxes/Fringe-Admin | 478.91 | 559.44 | -80.53 | 1,503.45 | 1,818.32 | -314.87 |
| 365 · MNGR Gas Transportation | 109.15 | 133.33 | -24.18 | 261.74 | 399.99 | -138.25 |
| 366 · Health Insurance "Salary" | 442.02 | 477.25 | -35.23 | 1,370.06 | 1,431.75 | -61.69 |

Sunburst Farms Irrigation District
Profit Loss Budget vs Actual
September 2013

| | <u>Sep 13</u> | <u>Budget</u> | <u>Variance</u> | <u>Jul - Sep 13</u> | <u>YTD Budget</u> | <u>Variance</u> |
|---|-----------------|-----------------|-----------------|---------------------|-------------------|-----------------|
| 375 · State Compensation Fund | 0.00 | 411.59 | -411.59 | 796.00 | 1,234.77 | -438.77 |
| 411 · Depreciation Expense | 9,166.67 | 9,166.67 | 0.00 | 27,500.01 | 27,500.01 | 0.00 |
| 414 · Building & Equipment Repair | 305.66 | 183.34 | 122.32 | 305.66 | 550.02 | -244.36 |
| 416 · Pumps-Maintenance | 357.39 | 241.67 | 115.72 | 357.39 | 725.01 | -367.62 |
| 417 · Maint/Repairs-Water System | | | | | | |
| 417.1 · Direct Labor | 4,267.25 | 4,769.23 | -501.98 | 12,692.00 | 15,500.00 | -2,808.00 |
| 417.2 · Materials | 2,408.38 | 1,000.00 | 1,408.38 | 5,509.51 | 3,000.00 | 2,509.51 |
| 417.3 · Outside Service | 36.00 | 1,250.00 | -1,214.00 | 10,332.58 | 3,750.00 | 6,582.58 |
| 417.4 · MT Payroll Taxes | 329.89 | 391.08 | -61.19 | 974.39 | 1,271.00 | -296.61 |
| 417.5 · MT Health Insurance | 266.02 | 0.00 | 266.02 | 266.02 | 0.00 | 266.02 |
| Total 417 · Maint/Repairs-Water System | 7,307.54 | 7,410.31 | -102.77 | 29,774.50 | 23,521.00 | 6,253.50 |
| 419 · Repairs-Transportation | | | | | | |
| 419.1 · Fleet Vehicles | 231.66 | 1,080.00 | -848.34 | 4,063.45 | 3,240.00 | 823.45 |
| 419.2 · Tractor | 0.00 | 0.00 | 0.00 | 4.02 | 0.00 | 4.02 |
| Total 419 · Repairs-Transportation | 231.66 | 1,080.00 | -848.34 | 4,067.47 | 3,240.00 | 827.47 |
| 420 · MNT Gas Transportation | 301.96 | 300.00 | 1.96 | 1,005.55 | 900.00 | 105.55 |
| 421 · Electricity | 312.67 | 200.00 | 112.67 | 973.86 | 600.00 | 373.86 |
| 422 · Sewer & Water | 11.82 | 16.67 | -4.85 | 35.88 | 50.01 | -14.13 |
| 423 · Telephone Expense | 609.52 | 466.67 | 142.85 | 1,592.09 | 1,400.01 | 192.08 |
| 431 · Insurance Expense | 1,333.34 | 1,333.34 | 0.00 | 4,000.02 | 4,000.02 | 0.00 |
| 441 · Legal Expense | 0.00 | 1,250.00 | -1,250.00 | 0.00 | 3,750.00 | -3,750.00 |
| 442 · Accounting Expenses | 300.00 | 300.00 | 0.00 | 600.00 | 900.00 | -300.00 |
| 443 · Auditing Expenses | 0.00 | 400.00 | -400.00 | 0.00 | 1,200.00 | -1,200.00 |
| 444 · Collection Services | 20.00 | 40.00 | -20.00 | 20.00 | 120.00 | -100.00 |
| 446 · Other Contracted Services | 290.66 | 458.34 | -167.68 | 1,327.69 | 1,375.02 | -47.33 |
| 451 · Postage | 334.22 | 358.34 | -24.12 | 1,001.41 | 1,075.02 | -73.61 |
| 461 · Licenses & Taxes | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 471 · Misc & Public Relations | 0.00 | 16.67 | -16.67 | 0.00 | 50.01 | -50.01 |
| 483 · Office Supplies | 625.89 | 400.00 | 225.89 | 1,776.68 | 1,200.00 | 576.68 |
| 484 · Mileage | 0.00 | 22.00 | -22.00 | 105.94 | 66.00 | 39.94 |

Sunburst Farms Irrigation District
Profit Loss Budget vs Actual
September 2013

| | <u>Sep 13</u> | <u>Budget</u> | <u>Variance</u> | <u>Jul - Sep 13</u> | <u>YTD Budget</u> | <u>Variance</u> |
|------------------------------------|------------------------|------------------------|------------------------|-------------------------|------------------------|------------------------|
| 485 · Bank Charges | 0.00 | 0.00 | 0.00 | 2.00 | 0.00 | 2.00 |
| 486 · Dues & Subscriptions | 0.00 | 200.00 | -200.00 | 245.24 | 600.00 | -354.76 |
| Total 400 · Overhead Costs | <u>28,572.96</u> | <u>31,488.67</u> | <u>-2,915.71</u> | <u>98,188.82</u> | <u>97,411.71</u> | <u>777.11</u> |
| Total Expense | <u>28,572.96</u> | <u>31,488.67</u> | <u>-2,915.71</u> | <u>98,188.82</u> | <u>97,411.71</u> | <u>777.11</u> |
| Net Ordinary Income | 5,285.31 | 1,554.12 | 3,731.19 | 8,316.41 | 1,851.10 | 6,465.31 |
| Other Income/Expense | | | | | | |
| Other Income | | | | | | |
| 216 · Assessment Fee Income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 217 · Capital Expenditure Reserved | 2,070.00 | 2,070.00 | 0.00 | 6,210.00 | 6,210.00 | 0.00 |
| 511 · Interest Income | 59.00 | 125.00 | -66.00 | 172.08 | 375.00 | -202.92 |
| Total Other Income | <u>2,129.00</u> | <u>2,195.00</u> | <u>-66.00</u> | <u>6,382.08</u> | <u>6,585.00</u> | <u>-202.92</u> |
| Net Other Income | <u>2,129.00</u> | <u>2,195.00</u> | <u>-66.00</u> | <u>6,382.08</u> | <u>6,585.00</u> | <u>-202.92</u> |
| Net Income | <u><u>7,414.31</u></u> | <u><u>3,749.12</u></u> | <u><u>3,665.19</u></u> | <u><u>14,698.49</u></u> | <u><u>8,436.10</u></u> | <u><u>6,262.39</u></u> |

**Sunburst Farms Irrigation District
A/R Aging Summary
As of September 30, 2013**

| | <u>Current</u> | <u>1 - 30</u> | <u>31 - 60</u> | <u>61 - 90</u> | <u>> 90</u> | <u>TOTAL</u> |
|--------------------------|------------------|-----------------|------------------|-----------------|------------------|-------------------|
| Total A/R 2013 | <u>28,446.26</u> | <u>5,543.18</u> | <u>-1,125.59</u> | <u>1,144.55</u> | <u>66,182.81</u> | <u>100,191.21</u> |
| Total A/R 2012 | <u>46,866.66</u> | <u>7,027.61</u> | <u>-531.14</u> | <u>2,004.17</u> | <u>79,420.45</u> | <u>134,787.75</u> |
| Variance- Better/(Worse) | <u>18,420.40</u> | <u>1,484.43</u> | <u>594.45</u> | <u>859.62</u> | <u>13,237.64</u> | <u>34,596.54</u> |