# Fountain Valley Authority
# (A Component Unit of the
# City of Colorado Springs, Colorado)

## Financial Statements and Report of Independent Certified Public Accountants

## December 31, 2010 and 2009

Fountain Valley Authority
(A Component Unit of the City of Colorado Springs, Colorado)
Financial Statements and Report of Independent
Certified Public Accountants
December 31, 2010

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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT

Board of Directors
Fountain Valley Authority
Colorado Springs, Colorado

We have audited the accompanying financial statements of the Fountain Valley Authority, a component unit of the City of Colorado Springs, Colorado, as of and for the years ending December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority'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 audits 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 the Fountain Valley Authority, as of December 31, 2010 and 2009, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hoelting & Company, Inc.

Colorado Springs, Colorado
February 16, 2011

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**FOUNTAIN VALLEY AUTHORITY**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**(Unaudited)**

Our discussion and analysis of Fountain Valley Authority's ("Authority") financial performance provides an overview of the organization's financial activities for the fiscal year ended December 31, 2010. The Management's Discussion and Analysis ("MD&A") includes currently known information that management is aware of at the date of the auditor's report. Please read the MD&A in conjunction with the Authority's Financial Statements that follow this section.

## SUMMARY OF THE FINANCIAL REPORTING ENTITY

The Authority is a political subdivision of the State of Colorado formed primarily to construct a water treatment plant and operate the water treatment plant and water conveyance system for its five customers. Raw water is received through the Fountain Valley Conduit pursuant to a conveyance service subcontract with the Southeastern Colorado Water Conservancy District. Colorado Springs Utilities, the City of Fountain, Security Water District, Stratmoor Hills Water District and Widefield Water and Sanitation District are the participants and customers.

## USING THIS ANNUAL REPORT

This annual report includes this MD&A and a series of Financial Statements that consist of fund specific basic Financial Statements and Notes to the Financial Statements. The basic Financial Statements consist of the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. The Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America as applied to units of local government and promulgated by the Governmental Accounting Standards Board and the Financial Accounting Standards Board, as applicable.

***MD&A*** **-** This information provides an objective and easily readable analysis of the organization's financial activities based on currently known facts, decisions, or conditions. The MD&A provides the Authority's financial managers with the opportunity to present both short- and long-term analyses of the organization's activities.

***Statements of Net Assets*** **-** These statements report all financial and capital resources (assets) and obligations (liabilities). The difference between assets and liabilities is net assets. The statements also provide the basis for evaluating the capital structure and assessing liquidity and financial flexibility.

***Statements of Revenues, Expenses, and Changes in Net Assets*** **-** All revenue and expenses are accounted for in these statements. The statements measure the activities for the year and can be used to determine whether the Authority's rates, fees and other charges are adequate to recover expenses.

***Statements of Cash Flows*** **-** These statements report all cash receipts and payments summarized by net changes in cash from operating, noncapital financing, capital and related financing, and investing activities.

***Notes to the Financial Statements*** **-** These notes explain specific information found in the Financial Statements.

# FOUNTAIN VALLEY AUTHORITY
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# (Unaudited)

## FINANCIAL POSITION, CASH FLOWS AND CHANGE IN NET ASSETS

***Capital assets, net*** decreased approximately $1.6 million or 3.0% from the prior year primarily due to an increase in Accumulated Depreciation of $1.6 million. A reduction of approximately $4.7 million or 6.5% in Noncurrent Liabilities was due to lower debt service payments of $3.6 million for Obligations Under Capital Lease, along with decreases of $518,000 for CWRDPA and $616,000 for Bond Payments. As a result of these activities, Net Assets-Invested in Capital Assets, Net of Related Debt, decreased approximately $3.0 million or 12.4%.

***Operating revenues*** increased approximately $142,000 or 1.4% which resulted in higher partner billed revenue of $102,000. Other Operating Revenues reflect partner billing for bond and principal payments and capital projects and increased $33,000 and $7,000 respectively. Operating Expenses increased $104,000 or 2.3% primarily due to increased Maintenance Expense, Production and Treatment Expense, and Transmission and Distribution Expense of $227,000, offset by decreased Administration and General Expense and Purchased Water Expense of $98,000 and $27,000 respectively. Operating Income increased by approximately $38,000 or 0.7% from the prior year. Water Conveyance increased 80.7 million gallons from the prior year.

***Nonoperating revenues and (expenses) net*** reflect a reduction in expenses by approximately $138,000 or 5.3% which was primarily driven by decreased interest expense of $135,000.

***Net cash provided by operating activities*** was approximately $7.2 million reflecting a decrease of approximately $53,000 or 0.7% from the prior year. The decrease was primarily the result of lower Receipts from Customers of $39,000, along with higher Payments to Suppliers of $18,000. Capital and Related Financing Activities decreased $47,000 or 0.7% from the prior year primarily due to a decline in Capital Expenditures of $50,000, a decrease in interest payments on long-term debt of $33,000 and an increase in repayment of long-term debt of $36,000. Investing Activities decreased approximately $1,000 or 50.0% due to lower interest received on investments this year.

# FOUNTAIN VALLEY AUTHORITY
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# (Unaudited)

## CONDENSED FINANCIAL STATEMENTS

Condensed Financial Statements with comparative information as of December 31:

***Condensed Statements of Net Assets***

| | 2010 | 2009 | Variance | Percent Variance |
|---|---|---|---|---|
| | | (thousands of dollars) | | |
| Assets | | | | |
| Current | $ 6,983 | $ 6,826 | $ 157 | 2.3% |
| Noncurrent - | | | | |
| Other | 2,358 | 2,378 | (20) | -0.8% |
| Capital Assets, net | 51,440 | 53,007 | (1,567) | -3.0% |
| Total Assets | $ 60,781 | $ 62,211 | $ (1,430) | -2.3% |
| Liabilities | | | | |
| Current | $ 10,410 | $ 10,173 | $ 237 | 2.3% |
| Noncurrent | 67,702 | 72,398 | (4,696) | -6.5% |
| Total Liabilities | 78,112 | 82,571 | (4,459) | -5.4% |
| Net Assets | | | | |
| Invested in Capital Assets, Net of Related Debt | (20,985) | (23,968) | 2,983 | 12.4% |
| Restricted | 2,153 | 2,150 | 3 | 0.1% |
| Unrestricted | 1,501 | 1,458 | 43 | 2.9% |
| Total Net Assets | (17,331) | (20,360) | 3,029 | 14.9% |
| Total Liabilities & Net Assets | $ 60,781 | $ 62,211 | $ (1,430) | -2.3% |

***Condensed Statements of Revenues, Expenses and Changes in Net Assets***

| | 2010 | 2009 | Variance | Percent Variance |
|---|---|---|---|---|
| | | (thousands of dollars) | | |
| Operating Revenues | $ 10,174 | $ 10,032 | $ 142 | 1.4% |
| Operating Expenses | 4,667 | 4,563 | 104 | 2.3% |
| Operating Income | 5,507 | 5,469 | 38 | 0.7% |
| Nonoperating Revenues and (Expenses)-Net | (2,477) | (2,615) | 138 | 5.3% |
| Change in Net Assets | 3,030 | 2,854 | 176 | 6.2% |
| Net Assets-Beginning of Year | (20,360) | (23,214) | 2,854 | 12.3% |
| Net Assets-End of Year | $ (17,330) | $ (20,360) | $ 3,030 | 14.9% |

***Condensed Statements of Cash Flows***

| | 2010 | 2009 | Variance | Percent Variance |
|---|---|---|---|---|
| | | (thousands of dollars) | | |
| Net Cash Provided (Used) By: | | | | |
| Operating Activities | $ 7,202 | $ 7,255 | $ (53) | -0.7% |
| Capital and Related Financing Activities | (7,132) | (7,179) | 47 | 0.7% |
| Investing Activities | 1 | 2 | (1) | -50.0% |
| Net increase (decrease) | 71 | 78 | (7) | -9.0% |
| Cash and cash equivalents, Beginning of Year | 3,111 | 3,033 | 78 | 2.6% |
| Cash and cash equivalents, End of Year | $ 3,182 | $ 3,111 | $ 71 | 2.3% |

## FOUNTAIN VALLEY AUTHORITY
## MANAGEMENT'S DISCUSSION AND ANALYSIS
## (Unaudited)

### CAPITAL ASSETS AND LONG TERM DEBT

Capital assets and long term debt with comparative information as of December 31:

***Capital assets***

| | 2010 | 2009 | Variance | Percent Variance |
|---|---|---|---|---|
| | (thousands of dollars) | | | |
| Plant in Service | $ 17,321 | $ 17,250 | $ 71 | 0.4% |
| Property Under Capital Leases | 70,501 | 70,501 | - | 0.0% |
| Accumulated Provision for Depreciation | (36,382) | (34,744) | (1,638) | -4.7% |
| Total net plant | $ 51,440 | $ 53,007 | $ (1,567) | -3.0% |

Note: Immaterial differences may occur due to rounding.

Capital asset projects during the current year include improvements to facilities and infrastructure.

***Long-term debt***

| | 2010 | 2009 | Variance | Percent Variance |
|---|---|---|---|---|
| | (thousands of dollars) | | | |
| Senior Lien Revenue Bonds | $ 6,626 | $ 7,211 | $ (585) | -8.1% |
| Long-Term Loans | 6,599 | 7,106 | (507) | -7.1% |
| Leases | 59,200 | 62,657 | (3,457) | -5.5% |
| Total Long-Term Debt | $ 72,425 | $ 76,974 | $ (4,549) | -5.9% |

The Authority's long-term revenue bond ratings remain stable at AA (Standard & Poor's) and Aa2 (Moody's) with the most recent review conducted for the 2006 bond issue.

### FINANCIAL HIGHLIGHTS AND OUTLOOK

The Authority's overall financial position remains strong as of December 31, 2010 and for the twelve months then ended. Operating revenues and expenses are anticipated to be approximately 3.0% to 6.0% higher in 2011 compared to 2010 due primarily to increased water conveyance offset by higher pumping cost, planned project and normal additions. The Authority plans to replace a portion of the Security Lateral, a treated water pipeline that supplies water to the Security Water District. In addition, the chlorine scrubber will be replaced changing from a wet chemical system to a dry system consistent with new industry standard and enhanced safety.

### CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors, creditors and other financial users with a general overview of the Authority's finances. If you have questions about this report or need additional financial information, contact the Accounting Department of Colorado Springs Utilities, P.O. Box 1103, Mail Code 929, Colorado Springs, CO 80947-0929.

## Fountain Valley Authority
## STATEMENTS OF NET ASSETS
## December 31, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and cash equivalents-unrestricted | $ 1,029,983 | $ 961,341 |
| Accounts receivable | 478,418 | 395,827 |
| Inventories | 60,909 | 51,067 |
| Prepaid expenses | 5,413,907 | 5,418,330 |
| **Total current assets** | 6,983,217 | 6,826,565 |
| **Noncurrent assets:** | | |
| Cash and cash equivalents-restricted | 2,152,623 | 2,150,295 |
| Unamortized debt issuance costs | 205,834 | 227,529 |
| Capital assets: | | |
| Plant in service | 87,821,362 | 87,751,235 |
| Less accumulated depreciation | (36,381,759) | (34,744,334) |
| Net capital assets | 51,439,603 | 53,006,901 |
| **Total noncurrent assets** | 53,798,060 | 55,384,725 |
| **Total assets** | $ 60,781,277 | $ 62,211,290 |

The accompanying notes are an integral part of these statements.

# Fountain Valley Authority
## STATEMENTS OF NET ASSETS - continued
## December 31, 2010 and 2009

| LIABILITIES AND NET ASSETS | 2010 | 2009 |
|---|---|---|
| **Current liabilities:** | | |
| Accounts payable | $ 188,867 | $ 90,085 |
| Accrued interest | 146,026 | 153,929 |
| Deferred revenue | 5,352,751 | 5,352,751 |
| Current maturities of bonds | 655,000 | 625,000 |
| Current portion of loans payable | 518,287 | 507,324 |
| Current portion of leases payable | 3,549,515 | 3,444,214 |
| **Total current liabilities** | 10,410,446 | 10,173,303 |
| **Noncurrent liabilities:** | | |
| Loans payable | 6,080,597 | 6,598,884 |
| Capital leases payable | 55,650,656 | 59,212,982 |
| Revenue bonds | 5,970,566 | 6,586,377 |
| **Total noncurrent liabilities** | 67,701,819 | 72,398,243 |
| **Total liabilities** | 78,112,265 | 82,571,546 |
| **Net Assets:** | | |
| Invested in capital assets, net of related debt (deficit) | (20,985,018) | (23,967,880) |
| Restricted | 2,152,623 | 2,150,295 |
| Unrestricted | 1,501,407 | 1,457,329 |
| **Total net assets (deficit)** | (17,330,988) | (20,360,256) |
| **Total liabilities and net assets** | $ 60,781,277 | $ 62,211,290 |

The accompanying notes are an integral part of these statements.

**Fountain Valley Authority**
**STATEMENTS OF REVENUE, EXPENSES**
**AND CHANGES IN NET ASSETS**
**Years Ending December 31, 2010 and 2009**

| | 2010 | 2009 |
|---|---|---|
| **Operating revenues:** | | |
| Conveyance charges | $ 5,352,751 | $ 5,352,751 |
| Water treatment charges | 4,820,811 | 4,678,902 |
| **Total operating revenues** | 10,173,562 | 10,031,653 |
| **Operating expenses:** | | |
| Production and treatment | 1,564,725 | 1,488,241 |
| Purchased power, gas and water for resale | 224,681 | 251,360 |
| Transmission and distribution | 375,909 | 350,450 |
| Maintenance | 336,928 | 212,014 |
| Administration and general | 527,509 | 625,963 |
| Depreciation | 1,637,425 | 1,635,139 |
| **Total operating expenses** | 4,667,177 | 4,563,167 |
| **Operating income (loss)** | 5,506,385 | 5,468,486 |
| **Nonoperating revenues (expenses)** | | |
| Investment income | 1,163 | 2,071 |
| Other revenues | 58,704 | 55,527 |
| Interest expense | (2,536,984) | (2,672,352) |
| **Total nonoperating revenues (expenses)** | (2,477,117) | (2,614,754) |
| **Change in net assets** | 3,029,268 | 2,853,732 |
| **Total net assets (deficit), January 1** | (20,360,256) | (23,213,988) |
| **Total net assets (deficit), December 31** | $ (17,330,988) | $ (20,360,256) |

The accompanying notes are an integral part of these statements.

# Fountain Valley Authority
## STATEMENTS OF CASH FLOWS
### Years Ended December 31, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers and users | $ 10,090,972 | $ 10,129,598 |
| Other cash receipts (payments) | 45,893 | 43,136 |
| Payments to suppliers | (2,934,955) | (2,917,432) |
| **Net cash provided by operating activities** | 7,201,910 | 7,255,302 |
| **Net cash used in noncapital financing activities** | - | - |
| **Cash flows from capital and related financing activities** | | |
| Capital expenditures | (72,498) | (122,370) |
| Principal paid on capital lease | (3,549,514) | (3,444,213) |
| Interest paid on capital lease | (1,803,237) | (1,908,538) |
| Repayment of long-term debt | (1,132,324) | (1,096,362) |
| Interest payments on long-term debt | (574,530) | (607,252) |
| Proceeds from sale of assets | - | 190 |
| **Net cash used in capital and related financing activities** | (7,132,103) | (7,178,545) |
| **Cash flows from investing activities** | | |
| Interest received on investments | 1,163 | 2,071 |
| **Net cash provided by investing activities** | 1,163 | 2,071 |
| Increase (decrease) in cash and cash equivalents | 70,970 | 78,828 |
| Cash and cash equivalents, January 1 | 3,111,636 | 3,032,808 |
| **Cash and Cash Equivalents, December 31** | $ 3,182,606 | $ 3,111,636 |
| Reconciliation of cash and cash equivalents to the balance sheet: | | |
| Cash and cash equivalents | $ 1,029,983 | $ 961,341 |
| Restricted cash and cash equivalents | 2,152,623 | 2,150,295 |
| **Total Cash and Cash Equivalents** | $ 3,182,606 | $ 3,111,636 |

The accompanying notes are an integral part of these statements.

**Fountain Valley Authority**
**STATEMENTS OF CASH FLOWS - continued**
**Years Ended December 31, 2010 and 2009**

| | 2010 | 2009 |
|---|---|---|
| **Reconciliation of operating income (loss) to net cash provided by (used in) operating activities** | | |
| **Operating income (loss)** | $ 5,506,385 | $ 5,468,486 |
| Adjustments to operating income: | | |
| Depreciation | 1,637,425 | 1,635,139 |
| Other revenue | 45,893 | 43,136 |
| **(Increase) decrease in assets** | | |
| Accounts receivable | (82,591) | 97,944 |
| Inventories | (9,842) | 17,619 |
| Prepaid expenses | 3,486 | (2,140) |
| **Increase (decrease) in liabilities** | | |
| Accounts payable | 101,154 | (4,882) |
| **Net cash provided by operating activities** | $ 7,201,910 | $ 7,255,302 |
| **Noncash investing, capital and financing activities:** | | |
| Amortization of debt discount and expense | $ 21,694 | $ 21,694 |
| Amortization of loss on refunding | 45,828 | 45,828 |
| Adjustment of capital lease balance | 12,811 | 12,201 |
| Accretion of bond premium | (6,639) | (6,639) |

The accompanying notes are an integral part of these statements.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as applied to local governments and promulgated by the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB"), as applicable. A summary of the significant accounting policies used in the preparation of these Financial Statements follows:

### *1. Financial reporting entity*

Fountain Valley Authority ("Authority") is a component unit of the City of Colorado Springs, Colorado ("City"). The other members of the Authority are the City of Fountain, Security Water District, Stratmoor Hills Water District and Widefield Water and Sanitation District, formerly Widefield Homes Water Company.

The Authority is a political subdivision of the State of Colorado. It was organized July 10, 1979, pursuant to the constitution and to statutes of the State of Colorado.

The Authority was formed primarily to construct and operate a water treatment plant for the purpose of treating, for its customers, raw water received through the Fountain Valley Conduit pursuant to a conveyance service subcontract with the Southeastern Colorado Water Conservancy District ("District").

The current customers, each of which own or operate a water system or joint utility system, together with their participation, are (at full capacity):

| | Acre feet (1) | Percentage |
|---|---|---|
| Colorado Springs Utilities | 14,353 | 71.41% |
| City of Fountain | 2,000 | 9.95 |
| Security Water District | 1,646 | 8.19 |
| Stratmoor Hills Water District | 601 | 2.99 |
| Widefield Water and Sanitation District | 1,500 | 7.46 |
| Total | 20,100 | 100.00% |

(1) One acre foot = 325,829 gallons

Customers are not subject to the jurisdiction of the Public Utilities Commission of the State of Colorado concerning rates, water quality, metering and other matters.

The accompanying Financial Statements present the Authority and its component units, entities for which the government is considered to be financially accountable. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to: fiscal dependency, imposition of will, legal standing and the primary recipient of services.

The Authority has no component units.

The Authority is under the direction of a Board of Directors ("Board") consisting of eight members who

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

***1. Financial reporting entity - continued***

each serve for a term of three years and who are appointed by their respective governments. The Board is presently made up of four members from Colorado Springs Utilities ("Utilities") and one member each from the City of Fountain, the Security Water District, the Stratmoor Hills Water District and the Widefield Water and Sanitation District. Any action of the Board requires an affirmative vote of five directors, with provisions of weighted voting in the event five affirmative votes cannot be obtained.

In case of a tie vote when all members are present on a matter being considered for action, the Establishing Contract provides that a weighted vote may be taken and each Director's vote shall be given the proportion which the total amount of water contributed to the Authority by the government appointing such Director divided by the number of Directors appointed by such government bears to the total amount of all water contributed to the authority by all governments.

The authority has entered into a contractual agreement with Utilities, under which Utilities will operate and manage the water treatment plant, the conduit and associated pumping stations.

**2.** ***Measurement focus, basis of accounting and financial statement presentation***

The Financial Statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Conveyance and water treatment charges are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The Authority applies all applicable GASB pronouncements as well as all FASB pronouncements (including those issued after November 30, 1989) unless those pronouncements conflict with or contradict GASB pronouncements in accounting and reporting for its operations.

FASB unanimously voted *FASB Accounting Standards Codification* ("Codification") to be the single source of authoritative nongovernmental U.S. GAAP on July 1, 2009. The Codification will be effective for Financial Statements that cover interim and annual periods ending after September 15, 2009. Other than resolving certain minor inconsistencies in current U.S. GAAP, the Codification is not suppose to change GAAP, but is intended to make it easier to find and research GAAP applicable to a particular transaction or specific accounting issue.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's ongoing operation. The sole operating revenues of the fund are conveyance and water treatment charges. Operating expenses include source of supply, treatment, transmission, and administration expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### 2. *Measurement focus, basis of accounting and financial statement presentation - continued*

The preparation of Financial Statements in conformity with U.S. GAAP 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 may differ from those estimates.

### 3. *Assets, liabilities and net assets*

**A. Deposits and investments**
Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, repurchase agreements and local government investment pools. Investments are stated at fair value determined by quoted market prices.

**B. Receivable and payable**
Accounts Receivable is amounts due from customers, related parties. Accounts Payable includes amounts payable to Colorado Springs Utilities, a related party. Outstanding balances between the Authority and the City are reported as "Due to/Due from other City funds." Management does not believe an allowance for doubtful accounts is necessary at December 31, 2010 and 2009.

**C. Inventories and prepaid expenses**
Inventories are valued at average cost. The cost of inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expense in the Financial Statements.

**D. Restricted assets**
Authority's bond ordinances require the creation and funding of individual reserve funds, but allow the Authority to use surety bonds in lieu of a cash bond reserve fund. The bond ordinances require that monies be restricted in separate principal and interest retirement funds.

**E. Plant and depreciation**
Plant is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials. The cost of additions to plant and replacement units of property in excess of $5,000 are capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred.

Depreciation is provided by the straight-line method based on estimated service lives of the various assets ranging from 2.00% to 16.67% per annum. The plant consists of a pipeline, pumping stations and storage reservoirs that originate at the Pueblo, Colorado reservoir and are used to convey water to and from the treatment plant.

**F. Deferred revenue**
The Authority receives payments for conveyance service in advance of rendering the service. This revenue is recognized as deferred revenue in the year of receipt.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**3. *Assets, liabilities and net assets - continued***

**G. Long-term obligations**

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond issues using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Additionally, any difference between the carrying amount of redeemed / defeased debt and its reacquisition price is deferred and amortized to interest expense using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

**H. Capital leases payable**

Depreciation is provided by the straight line method based on estimated service lives of the various assets ranging from 1.00% to 10.00% per annum.

**I. Net assets**

The Authority reports three classes of net assets:

***Invested in capital assets, net of related debt* -** Represents capital assets, including restricted capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition construction or improvement of those assets. Unspent related debt proceeds are not offset against this net asset class.

***Restricted net assets* -** Represents net assets on which constraints have been placed, principally external constraints by creditors, through bond covenants / provisions.

***Unrestricted net assets* -** Includes all other net assets.

**J. Comparative data / reclassifications**

Comparative total data for the prior year has been presented in selected sections of the accompanying Financial Statements in order to provide an understanding of changes in the reporting entity's financial position and operations. Certain prior year amounts have been reclassified to conform to the current year.

**NOTE B - DETAILED NOTES**

***1. Deposits and investments***

**A. Deposits**

Colorado Statutes require that financial institutions pledge a pool of collateral against all the uninsured public deposits it holds, and the market value of the securities in the pool is required to be in excess of 102% of the financial institution's total uninsured public deposits. The financial institutions in which the Authority has deposits at the end of the year are authorized depositories of public funds.

At December 31, 2010 and 2009, the carrying amount of the Authority's cash was $2,006,518 and $1,923,576 and the bank balances were $2,010,721 and $1,925,864. Of the bank balances,

**NOTE B - DETAILED NOTES - continued**

***1. Deposits and investments - continued***

**A. Deposits - continued**

$250,000 per account was covered by federal depository insurance and $1,760,721 and $1,675,864 is required by Colorado Statutes to be collateralized with securities held by the pledging financial institution's trust department in the Authority's name.

**B. Investments**

On September 12, 2005, the Authority formally adopted an investment policy. In accordance with the investment policy and Colorado Statutes, the Authority is authorized to invest in obligations of the United States and certain of its agencies; certain international agency securities; general obligations or revenue bonds of any state or local government of the United States; bankers acceptances of certain banks; certain commercial paper; local government investment pools; written repurchase agreements properly collateralized by certain authorized securities; certain money market funds; and/or guaranteed investment contracts.

The Authority's investments are subject to interest, credit and custodial risk as described below:

***Interest Rate Risk*** **-** The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

***Credit Risk*** **-** The Authority's investment policy limits investments as described above. As of December 31, 2010, the Authority's investments in the money market mutual fund were rated Aaa by Moody's Investor Services and AAAm-G by Standard & Poor's.

***Custodial Credit Risk*** **-** Custodial risk is the risk that in the event of the failure of the counter party, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Of the Authority's $1.2 million investment in the money market mutual fund, 100% of the underlying securities are held in the name of The Bank of New York Trust Company, N.A. not in the name of the Authority.

The Authority's investment balances as of December 31:

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | Fair value | Weighted average maturity (in years) | Fair value | Weighted average maturity (in years) |
| Money Market Mutual Funds | $ 1,176,088 | 0.14 | $ 1,188,060 | 0.10 |
| COLOTRUST | - | 0.00 | - | 0.00 |
| Total fair value | $ 1,176,088 | | $ 1,188,060 | |
| Portfolio Weighted Average Maturity | | 0.14 | | 0.10 |

The COLOTRUST investment was liquidated in 2009 and the funds applied to the interest portion of the February 1, 2009 payment for the Colorado Water Resources and Power Development Loan.

**NOTE B - DETAILED NOTES - continued**

***2. Cash and cash equivalents***

**A. Reconciliation to cash and cash equivalents**

The deposits and investments above reconcile to cash and cash equivalents reported on the Statement of Net Assets as of December 31:

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | Current | Noncurrent | Total | Current | Noncurrent | Total |
| Deposits and cash on hand | $ 1,029,983 | $ 976,535 | $ 2,006,518 | $ 961,341 | $ 962,235 | $ 1,923,576 |
| COLOTRUST | - | - | - | - | - | - |
| Cash management treasury funds | - | 1,176,088 | 1,176,088 | - | 1,188,060 | 1,188,060 |
| Total | $ 1,029,983 | $ 2,152,623 | $ 3,182,606 | $ 961,341 | $ 2,150,295 | $ 3,111,636 |

**B. Restricted cash and cash equivalents**

Summary of restricted cash and cash equivalents as of December 31:

| | 2010 | 2009 |
|---|---|---|
| Emergency Reserve Fund | $ 126,004 | $ 125,941 |
| Replacement Reserve Fund | 533,030 | 518,764 |
| Bond funds: | | |
| Principal and Interest Retirement Fund | 66,779 | 78,751 |
| Operations and Maintenance Expense Reserve Fund | 1,109,309 | 1,109,309 |
| Principal and Interest Retirement Fund, Loans | 317,501 | 317,530 |
| Total restricted cash and cash equivalents | $ 2,152,623 | $ 2,150,295 |

**C. Emergency reserve and replacement reserve fund**

The Authority is setting aside excess cash in an emergency reserve fund and in a replacement fund. Under its bond covenants, the Authority is required to make $14,000 annual deposits to the replacement reserve fund. A $14,000 deposit was made to the fund in January 2010.

**D. Principal and interest retirement fund, bonds**

This trustee fund was established for the payment of principal and interest on the revenue bonds.

Any money remaining in the fund at year end shall be retained in the fund and additional monies shall be deposited in an amount necessary to accumulate and to provide for the next maturing installment of interest and principal on the Series 2006 bonds.

**NOTE B - DETAILED NOTES - continued**

***2. Cash and cash equivalents - continued***

**E. Bond reserve fund**

In place of maintaining a reserve fund for the Series 2006 bonds, the Authority paid $25,000 for a surety bond policy. The surety bond will provide that upon notice from the Trustee to the surety provider to the effect that insufficient amounts are on deposit in the principal and interest retirement fund to pay the principal of and interest on the 2006 bonds, the surety provider will deposit with the Trustee an amount sufficient to pay the principal and interest on said bonds or the available amount of the bond reserve fund surety bond, whichever is less.

The available amount of the bond reserve fund surety bond is the initial face amount of the bond reserve fund surety bond less the amount of any previous deposits by the surety provider with the Trustee which have not been reimbursed by the Authority.

Bond reserve fund payments will be required to reimburse the surety bond provider for principal and interest payments that they make.

**F. Operation and maintenance expense reserve fund**

This trustee fund was established to satisfy the requirements of the revenue bond resolution. Amounts in this fund shall be available as a reserve to meet unanticipated operation and maintenance expenses or to meet any deficiencies in the principal and interest retirement fund or the bond reserve fund.

**G. Principal and interest retirement fund, loans**

This fund was established for the payment of the principal and interest on the loans with the Colorado Water Resources and Power Development Authority.

**H. Loan proceeds**

On June 1, 2003, the Authority entered into a loan agreement with the Colorado Water Resources and Power Development Authority in the amount of $3,221,862. Of these funds, $21,862 was used for bond issuance expense. The remainder of the funds was used to replace the motor controls at the Fountain Valley Authority pump station. The original loan was amended on December 3, 2006 to allow the remaining loan proceeds to be used for replacement and upgrade of various treatment plant equipment as well as minor upgrades to treatment plant facilities if needed. The remaining project funds of $29,168 were applied to the interest portion of the loan repayment which was due on February 1, 2009.

**NOTE B - DETAILED NOTES - continued**

### *3. Prepaid expenses*

Summary of prepaid expenses as of December 31:

| | 2010 | 2009 |
|---|---|---|
| Prepaid conveyance-principal | $ 3,549,514 | $ 3,444,213 |
| Prepaid conveyance-interest | 1,803,237 | 1,908,538 |
| Prepaid insurance | 40,883 | 44,369 |
| Prepaid interest | 20,273 | 21,210 |
| | $ 5,413,907 | $ 5,418,330 |

Prepaid conveyance represents a payment on the capital lease obligation which is paid in December of the year prior to the year the payment is due.

### *4. Capital assets*

Capital assets activity for the year ended December 31, 2010:

| | Balance January 1, 2010 | Additions | Reductions | Balance December 31, 2010 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 65,147 | $ - | $ - | $ 65,147 |
| Construction work in progress | - | - | - | - |
| Total capital assets, not being depreciated | 65,147 | - | - | 65,147 |
| Capital assets, being depreciated: | | | | |
| Fountain Valley Conduit | 70,501,466 | - | - | 70,501,466 |
| Water treatment plant | 12,746,381 | - | - | 12,746,381 |
| Vehicles | 143,836 | 70,127 | - | 213,963 |
| Office furniture and equipment | 218,291 | - | - | 218,291 |
| Other equipment | 4,076,114 | - | - | 4,076,114 |
| Total capital assets being depreciated | 87,686,088 | 70,127 | - | 87,756,215 |
| Less accumulated depreciation | (34,744,334) | (1,637,425) | - | (36,381,759) |
| Total capital assets, being depreciated, net | 52,941,754 | (1,567,298) | - | 51,374,456 |
| Total capital assets, net | $ 53,006,901 | $ (1,567,298) | $ - | $ 51,439,603 |

**NOTE B - DETAILED NOTES - continued**

### *4. Capital assets - continued*

Capital assets activity for the year ended December 31, 2009:

| | Balance January 1, 2009 | Additions | Reductions | Balance December 31, 2009 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 65,147 | $ - | $ - | $ 65,147 |
| Construction work in progress | 70,000 | 62,920 | (132,920) | - |
| Total Capital assets, not being depreciated | 135,147 | 62,920 | (132,920) | 65,147 |
| Capital assets, being depreciated: | | | | |
| Fountain Valley Conduit | 70,501,466 | - | - | 70,501,466 |
| Water treatment plant | 12,746,381 | - | - | 12,746,381 |
| Vehicles | 143,836 | - | - | 143,836 |
| Office furniture and equipment | 218,291 | - | - | 218,291 |
| Other equipment | 3,943,194 | 132,920 | - | 4,076,114 |
| Total capital assets, being depreciated | 87,553,168 | 132,920 | - | 87,686,088 |
| Less accumulated depreciation | (33,109,195) | (1,635,139) | - | (34,744,334) |
| Total capital assets being depreciated, net | 54,443,973 | (1,502,219) | - | 52,941,754 |
| Total capital assets, net | $ 54,579,120 | $ (1,439,299) | $ (132,920) | $ 53,006,901 |

### *5. Long-term liabilities*

**A. Revenue bonds**

On July 25, 2006, the Authority issued $9,540,000 of revenue refunding bonds to current refund the Authority's outstanding Water Treatment Refunding Revenue Bonds, Series 1996. The Series 2006 bonds are due in varying amounts annually from December 1, 2010 through December 1, 2019, together with interest, at rates varying from 4.00% to 4.50% which is paid semi-annually.

**NOTE B - DETAILED NOTES - continued**

***5. Long-term liabilities - continued***

**A. Revenue bonds - continued**

Summary of scheduled maturities on revenue bonds as of December 31, 2010:

| Yearing Ending December 31, | Principal Maturities | Interest |
|---|---|---|
| 2011 | $ 655,000 | $ 292,663 |
| 2012 | 685,000 | 264,825 |
| 2013 | 710,000 | 235,713 |
| 2014 | 740,000 | 205,538 |
| 2015 | 770,000 | 175,938 |
| 2016-2019 | 3,415,000 | 370,600 |
| Total | $ 6,975,000 | $ 1,545,277 |

This issue is to be repaid from and secured by a pledge of all net revenues (revenues after deducting operation and maintenance expenses, but excluding both revenues and expenses pursuant to the conveyance service contract and conveyance service subcontract). Bond principal and interest repayment and reserve funds are being maintained pursuant to the bond indentures.

**B. Unamortized debt expense**

The expense of issuing the long-term revenue bonds and loans payable is being amortized over the life of the outstanding bonds. The unamortized debt expense was $205,834 and $227,528 as of December 31, 2010 and 2009. Amortization was $21,694 for 2010 and $21,694 for 2009.

Amortization expense is included in interest expense in the Statements of Revenue, Expenses and Changes in Net Assets.

**C. Loans payable**

On April 15, 2000, the Authority entered into a loan agreement with the Colorado Water Resources and Power Development Authority in the amount of $7,607,966 at an interest rate of 3.4%. This loan is payable semiannually with the final payment due August 1, 2020. The proceeds of the loan were used to pay for the relocation and replacement of a portion of the Fountain Valley Conduit.

On June 1, 2003, the Authority entered into a loan agreement with the Colorado Water Resources and Power Development Authority in the amount of $3,221,862 at an interest rate of 3.03%. This loan is payable semiannually with the final payment due August 1, 2024. These funds were used to replace the motor controls at the Authority’s pump stations.

## NOTE B - DETAILED NOTES - continued

### *5. Long-term liabilities - continued*

#### C. Loans payable - continued

These loans are to be repaid from and secured by a pledge of all net revenues (revenues after deducting operation and maintenance expenses, but excluding both revenues and expenses pursuant to the conveyance service contract and conveyance service subcontract).

Summary of combined scheduled maturities for the two loans as of December 31, 2010:

| Yearing Ending December 31, | Principal Maturities | Interest |
|---|---|---|
| 2011 | $ 518,287 | $ 243,275 |
| 2012 | 529,371 | 235,517 |
| 2013 | 540,334 | 220,501 |
| 2014 | 556,777 | 208,249 |
| 2015 | 573,343 | 195,542 |
| 2016-2020 | 3,157,954 | 662,568 |
| 2021-2024 | 722,818 | 100,874 |
| Total | $ 6,598,884 | $ 1,866,526 |

#### D. Capital lease

Under the conveyance service contract between the Bureau and the District and the conveyance service subcontract between the District and the customers, the conveyance service charge will be the charge for water scheduled to be conveyed or actually conveyed through the Fountain Valley Conduit to the customers and in an amount per acre foot required to reimburse the Bureau for the actual cost of the construction of the Fountain Valley Conduit incurred by the United States with interest over 40 years. The Authority is required to reimburse the District, who then reimburses the Bureau on the basis of construction costs of $70,501,466.

The assets acquired through the capital lease as of December 31:

| | 2010 | 2009 |
|---|---|---|
| Asset: | | |
| Fountain Valley Conduit | | |
| Original plant | $ 64,802,810 | $ 64,802,810 |
| Pipeline replacement | 5,698,656 | 5,698,656 |
| Less: Accumulated depreciation | (21,907,596) | (21,015,398) |
| Total | $ 48,593,870 | $ 49,486,068 |

**NOTE B - DETAILED NOTES - continued**

***5. Long-term liabilities - continued***

**D. Capital lease - continued**

Summary of the current conveyance service charges:

| Customer | Conveyance service rate per acre foot |
|---|---|
| Colorado Springs Utilities | $305.97 |
| City of Fountain | 185.60 |
| Security Water District | 168.90 |
| Stratmoor Hills Water District | 153.84 |
| Widefield Water and Sanitation District | 146.31 |

This lease is payable in varying amounts annually from December 31, 1986 through December 31, 2025, together with interest at 3.046% per annum.

Summary of a schedule, by years, of future minimum lease payments under this capital lease, together with the present value of the net minimum lease payments, as of December 31, 2010:

| Year ending December 31, | Amount |
|---|---|
| 2011 | $ 5,352,752 |
| 2012 | 5,352,752 |
| 2013 | 5,352,752 |
| 2014 | 5,352,752 |
| 2015 | 5,352,752 |
| 2016-2020 | 26,763,760 |
| 2021-2025 | 19,789,919 |
| Total minimum lease payments | 73,317,439 |
| Less amount representing interest | (14,117,268) |
| Present value of minimum lease payments | $ 59,200,171 |

The total minimum lease payment is due from customers in the year before payment is made to the District and is recorded as deferred revenue.

Title to the Fountain Valley Conduit shall remain in the name of the United States until otherwise provided by Congress.

At December 31, 2010 and 2009 the current portion of the present value of minimum lease payment was $3,549,515 and $3,444,214.

**NOTE B - DETAILED NOTES - continued**

***5. Long-term liabilities - continued***

**E. Changes in long-term liabilities**

Summary of changes in long-term liabilities as of December 31, 2010:

| | Balance January 1, 2010 | Additions | Reductions | Balance December 31, 2010 | Due within one year |
|---|---|---|---|---|---|
| Revenue Bonds | $ 7,600,000 | $ - | $ 625,000 | $ 6,975,000 | $ 655,000 |
| Unamortized Premium | 65,838 | - | 6,639 | 59,199 | - |
| Unamortized loss on refunding | (454,461) | - | (45,828) | (408,633) | - |
| | 7,211,377 | - | 585,811 | 6,625,566 | 655,000 |
| Loans payable | 7,106,208 | - | 507,324 | 6,598,884 | 518,287 |
| Obligations under capital lease | 62,657,196 | - | 3,457,025 | 59,200,171 | 3,549,515 |
| Total | $ 76,974,781 | $ - | $ 4,550,160 | $ 72,424,621 | $ 4,722,802 |

***6. Net assets***

Net assets represent the difference between assets and liabilities as of December 31:

| | 2010 | 2009 |
|---|---|---|
| Invested in Capital Assets, Net of Related Debt: | | |
| Net capital assets | $ 51,439,603 | $ 53,006,901 |
| Less: | | |
| Revenue bonds payable | (6,625,566) | (7,211,377) |
| Loans payable | (6,598,884) | (7,106,208) |
| Capital lease | (59,200,171) | (62,657,196) |
| | (20,985,018) | (23,967,880) |
| Restricted: | | |
| Restricted for emergencies | 126,004 | 125,941 |
| Restricted for replacements | 533,030 | 518,764 |
| Principal and interest retirement fund, loans | 317,501 | 317,530 |
| Debt service | | |
| Principal and interest retirement fund | 66,779 | 78,751 |
| Operations and maintenance expense reserve fund | 1,109,309 | 1,109,309 |
| | 2,152,623 | 2,150,295 |
| Unrestricted: | 1,501,407 | 1,457,329 |
| Total Net Assets | $ (17,330,988) | $ (20,360,256) |

Note: Immaterial differences may occur due to rounding

**NOTE B - DETAILED NOTES - continued**

***6. Net assets - continued***

Net Assets - Invested in Capital Assets, Net of Related Debt is expected to remain in a deficit position throughout the life of this project as the bond resolution did not provide for the charging of the depreciation provision to the participating customers. This method precludes the accumulation of cash to fund the accumulated depreciation. However, the Authority should at all times have funds available for payment of all operating and non-operating expenses, including all normal repairs and replacements and payment of all debt service.

Summary of the change in amounts invested in capital assets:

| | 2010 | 2009 |
|---|---|---|
| Balance, beginning | $ (23,967,880) | $ (26,777,910) |
| Change in capital assets | (1,567,298) | (1,572,219) |
| Change in related debt | 4,550,160 | 4,382,249 |
| Balance, ending | $ (20,985,018) | $ (23,967,880) |

**NOTE C - OTHER INFORMATION**

***1. Water treatment contract***

Under this contract, the Authority covenants to set rates which will provide net revenues equal to 120% of the current year's principal and interest on the bonds after taking into account as net revenues the amounts in the operation and maintenance expense reserve fund. Both variable and fixed operation and maintenance costs will be charged to each customer on a monthly basis. These charges are in addition to the conveyance service rates set forth in Note B-5 (D). The principal and interest requirements together with the operation and maintenance expenses were billed on a monthly basis directly to the customers in an amount necessary to meet the annual payments. These billings, together with the operation and maintenance expense reserve fund of $1,109,309 were in excess of the above requirement in both years 2010 and 2009.

Customers are not subject to the jurisdiction of the Public Utilities Commission of the State of Colorado concerning rates, water quality, metering and other matters.

***2. Limited obligations***

The obligations of each customer under the water treatment contract are not general obligations of each customer who is a political subdivision and are not secured by a pledge of tax revenues, but are payable and enforceable solely from the revenues derived from the operation of the water system or combined utility of such customer.

**NOTE C - OTHER INFORMATION - continued**

***3. Compensated absences payable***

Employees of Utilities operate and manage the water treatment plant, the conduit and associated pumping stations under an agreement with the Authority. The compensated absences payable for these employees is recorded as a liability by Utilities and not by the Authority. When these employees retire or terminate their employment with Utilities, the compensated absences payable would be paid by Utilities.

***4. Risk management***

Risk Management oversight in evaluating the risk of loss and protecting the Authority's assets is provided by Utilities. Tort claims against the Authority and its officers are subject to the terms, conditions and limitations of the Colorado Governmental Immunity Act, C.R.S. 24-10-101 et seq., which generally limit such claims to the greater of $150,000 per person and $600,000 per occurrence or to the limits of insurance purchased by the Authority. The Authority purchases insurance for commercial and automobile liability, physical damage coverage for buildings, contents, equipment, automobiles and the pipeline with varying deductibles. A Public Officials liability policy is purchased for the Board. The insurance limits of liability for the operational risks are $3,000,000 per occurrence and $3,000,000 aggregate and the public official's liability limit is $1,000,000 per occurrence and aggregate with $10,000 retention. Settled claims have not exceeded insurance coverage during any of the last three fiscal years.

***5. Amendment to Colorado Constitution***

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including raising revenue, spending abilities, and other specific requirements of state and local governments. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment. The entity is of the opinion that it qualifies for this exclusion. The amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

The entity is a political subdivision of the State of Colorado separate from each Participant. As such, the entity believes it is not subject to any limitations regarding raising revenue or spending abilities that are set forth in the Charter of the City of Colorado Springs.

***6. Legal matters***

The Authority is a political subdivision of the State of Colorado separate from each participant. Tort claims against the Authority are subject to the terms, conditions and limitations provided by the Colorado Governmental Immunity Act, C.R.S. 24-10-101 et seq. No litigation was pending against the Authority during 2010, and the Authority is not aware of any threatened claims or litigation that could be filed against the Authority.