

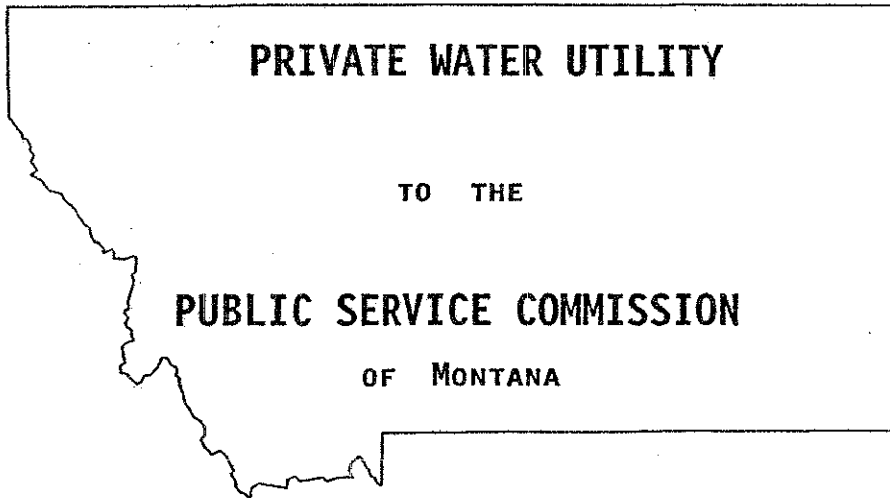
YEAR 2009

ANNUAL REPORT

OF THE

NAME NorthStar Development LLC

LOCATION North Valley Helena Montana



FOR THE YEAR ENDING 12-31-09

GENERAL INSTRUCTIONS

1. Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities.
2. Interpret all accounting words or phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
4. For any question, section or page which is not applicable to the respondent enter the words "Not Applicable or NA". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. Complete this report by means which result in a permanent record.
7. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
8. This report should be filled out in duplicate and one copy returned within 2 1/2 months after the close of the reporting period. The report should be returned to:

Montana Public Service Commission
Utility Division
2701 Prospect Avenue
Helena, Montana 59620

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REPORT OF

Northstar Development LLC DRA Northstar Water & Sewer
(Exact Name of Utility)

PO Box 5104
(Address)

Helena MT 59604
(City, State, Zip Code)

For Year Ended 2009

Date Utility First Organized 2008

Telephone Number 459.4004

Location where books and records are located 386 Hwy 12 East Helena MT

Contracts:			
Name	Title	Principal Business Address	Salary
Person to send correspondence:	<u>Dan Chovanak</u>	<u>PO Box 5104 Helena mt 59604</u>	XXXXXXXX
Person who prepared this report:	<u>Dan Chovanak</u>	"	XXXXXXXX
Officers & Managers:			\$
			\$
			\$
			\$
			\$
			\$

Report every corporation or person owning interest or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
<u>BCCL LLC</u>	<u>50%</u>	<u>PO Box 5104 Helena mt 59604</u>	\$ <u>0</u>
<u>Doug Peterson</u>	<u>12.5%</u>		\$ <u>0</u>
<u>Linda Peterson</u>	<u>12.5%</u>		\$ <u>0</u>
<u>Joe Scanlon</u>	<u>25%</u>		<u>0</u>

INCOME STATEMENT

Account Name	Current Year <i>2009</i>	Previous Year <i>2008</i>
GROSS REVENUE:		
Metered		
Residential		
Commercial		
Industrial		
Other		
Unmetered		
Residential <i>Water + Sewer</i>	61,200	19,310
Commerical		
Industrial		
Fire Protection		
Bulk Sales		
Sale of Materials		
Other <i>Water + Sewer Hookup Fees</i>	9,290	24,500
TOTAL GROSS REVENUE	70,490	43,810
Operation and Maintenance Expense	43,729	14,700
Depreciation Expense	38,550	20,026
Taxes Other Than Income		
Income Taxes		
Deferred Federal Income Taxes		
Deferred State Income Taxes		
TOTAL OPERATING EXPENSE	82,279	34,726
NET OPERATING INCOME (LOSS)	(11,789)	9,084
Other Income:		
Non-Utility Income		
Other Deductions:		
Non-Utility Expenses <i>Insurance</i>	7,617	7,716
Interest Expense	27,796	32,760
<i>Water - Sewer Maintenance</i>	18,245	2,043
NET INCOME (LOSS)	(65,447)	(33,695)

COMPARATIVE BALANCE SHEET

ACCONT NAME	CURRENT YEAR ²⁰⁰⁹	PREVIOUS YEAR ²⁰⁰⁸
Assets:		
Utility Plant In Service *	758,943	758,843
Accumulated Depreciation and Amortization †	(58,576)	(20,026)
Net Utility Plant		
Cash *	30,177	15,039
Customer Account Receivable *	13,110	14,210
Other Assets (Specify)		
Total Assets	743,554	768,066
Liabilities and Capital:		
Common Stock Issued		
Preferred Stock Issued		
Other Paid In Capital *	168,039	258,227
Retained Earnings		
Proprietary Capital		
Total Capital		
Long Term Debt *	575,515	509,839
Accounts Payable		
Notes Payable		
Customer Deposits		
Accrued Taxes		
Other Liabilities (Specify)		
Advances for Construction		
Contributions In Aid Of Construction		
Total Liabilities and Capital	743,554	768,066

Accumulated Depreciation and Amortization of Utility Plant

Account 108	Current Year <i>2009</i>	Previous Year <i>2008</i>
Balance First of Year		
Credits During Year		
Accruals Charged to Depreciation Account	<i>(38,550)</i>	<i>(20,026)</i>
Salvage		
Other Credits (Specify)		
Total Credits		
Debits During Year:		
Book Cost of Plant Retired		
Cost of Removal		
Other Debits (Specify)		
Balance End of Year <i>2009</i>	<i>(58,576)</i>	<i>(20,026)</i>

CONTRIBUTIONS IN AID OF CONSTRUCTION

Report below all contractor and developer agreements and line extension agreements from which cash or property was received during the year	Indicate "Cash or Property"	Amount
Total During Year		
	<i>NA</i>	

ACCUMULATED DEFERRED INCOME TAXES

Description	Total
Accumulated Deferred Income Taxes:	
Federal	
State	
Total Accumulated Deferred Income Taxes	<i>NA</i>

CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share		
Shares authorized	NA	
Shares issued and outstanding		
Total par value of stock issued		
Dividends declared per share for year		

RETAINED EARNINGS

		Appropriated	Unappropriated
Balance first of year	\$	258,227	
Changes during year (Specify):	↓	(90,198)	
Balance end of year		168,029	

PROPRIETARY CAPITAL

	Proprietor or Partner	Partner
Balance first of year		
Changes during year (specify):	NA	
Balance end of year		

LONG TERM DEBT

Description of Obligation	Interest		Principal Per Balance Sheet Date
	Rate	Pymts	
Line of Credit Farmers State Bank Wicker Montana Pro-rated as a % of Assets	6.0%	int only	575,575
Total			

WATER UTILITY PLANT ACCOUNTS

Acct No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization				
302	Franchises				
303	Land & Land Rights	225,000			225,000
304	Structures and Improvements	543,866			543,866
305	Collecting and Impounding Reservoirs				
306	Lake River and Other Intakes				
307	Wells and Springs				
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment				
311	Pumping Equipment				
320	Water Treatment Equipment				
330	Distribution Reservoirs and Standpipes				
331	Transmission and Distribution Mains				
333	Services				
334	Meters and Meter Installations				
335	Hydrants				
339	Other Plant and Miscellaneous Equipment				
340	Office Furniture and Equipment				
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop & Garage Equipment				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	Total Water Plant	768,866			768,866

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT

ACCT. NO.	ACCOUNT	AVERAGE SERVICE LIFE IN YEARS	AVERAGE SALVAGE IN PERCENT	DEPR. RATE APPLIED	ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEAR	DEBITS	CREDITS	ACCUMULATED DEPRECIATION BALANCE END OF YEAR
304	Structures & Improvements		%	%	(200,020)			(58,576)
305	Collecting & Impounding Reservoirs		%	%				
306	Lake River & Other Inakes		%	%				
307	Wells and Springs		%	%				
308	Infiltrations Galleries & Tunnels		%	%				
309	Supply Mains		%	%				
310	Power Generating Equip.		%	%				
311	Pumping Equipment		%	%				
320	Water Treatment Equip.		%	%				
330	Distribution Reservoirs & Standpipes		%	%				
331	Trans. & Dist. Mains		%	%				
333	Services		%	%				
334	Meter & Meter Installation		%	%				
335	Hydrants		%	%				
339	Other Plant & Misc. Equip.		%	%				
340	Office Furniture and Equipment		%	%				
341	Transportation Equip.		%	%				
342	Stores Equipment		%	%				
343	Tools Shop & Garage Equipment		%	%				
344	Laboratory Equipment		%	%				
345	Power Operated Equipment		%	%				
346	Communication Equipment		%	%				
347	Miscellaneous Equipment		%	%				
348	Other Tangible Plant		%	%				
Totals					(200,020)		(58,550)	(158,576)

SOURCES OF WATER SUPPLY

Surface Water: River _____ Lake _____ Stream _____ Impounding Res. _____
 Ground Water: Springs No. _____ Shallow Wells No. _____ Deep Wells No. _____

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Yr.	Taken Up During Yr.	Total	Close of Year
<i>See Attached Application</i>							
Total							

RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Reservoirs _____ Capacity in Gallons _____
 Number of Standpipes _____ Capacity in Gallons _____
 Method of Purification _____

SERVICES AND METERS

Services	1/2 in.	5/8 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.		
Meters										

NUMBER AND CLASSIFICATION OF CONSUMERS

-Beginning of Year-

-Close of Year-

Classification	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase or Decrease
Residential	<i>See Attached Application</i>						
Commercial							
Industrial							
Fire Hydrants							
Governmental							
All Other							
Total							

TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year _____ gals.
 Maximum Water obtained all methods during any one day _____ gals.
 Minimum Amount of Water obtained all methods during one day _____ gals.
 Total Amount of Water passed through customers meters during year _____ gals.
 Range of ordinary pressure on mains _____ lbs. to _____ lbs.
 Range of fire pressure in mains _____ lbs. to _____ lbs.

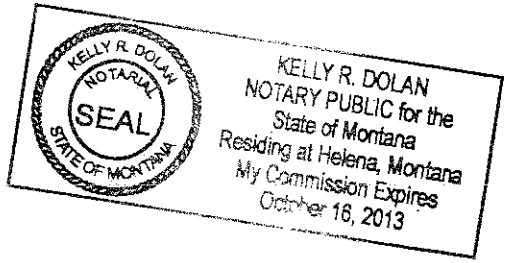
STATE OF MONTANA)
County of Lewis & Clark)

We, the undersigned, on our oath do severally say that the foregoing return the Northstar Development LLC, water utility, has been prepared under our direction from the original books, papers and records of said utility and declare the same to be a full, true and correct statement embracing all the financial transactions of said utility during the period for which the return is made.



Subscribed and sworn to before me this 17 day of August, 19 2010.

Kelly R Dolan
10-16-13



2:36 PM
07/15/10
Accrual Basis

North Star Water & Sewer Profit & Loss January through December 2009

	Jan - Dec 09
Ordinary Income/Expense	
Income	
Assessments	
Discounts	-120.00
Sewer	21,120.00
Water	40,200.00
Total Assessments	61,200.00
Hook Up Fees	
Discounts	-6,740.00
Sewer	8,000.00
Water	8,000.00
Total Hook Up Fees	9,260.00
Late Fees & Fines	
NSF Charge	30.00
Total Late Fees & Fines	30.00
Total Income	70,490.00
Expense	
Administration	
Bank Fees	4.00 ✓
Bookkeeping & Management	4,493.96 ✓
Office Supplies & Copies	1,007.24 ✓
Postage and Delivery	217.36 ✓
Telephone	358.38 ✓
Total Administration	6,080.94
Water & Sewer System	
Fees	3,961.15 ✓
Repairs and Maintenance	17,665.07
Utilities	14,671.35 ✓
Water Operator	1,350.00 ✓
Total Water & Sewer System	37,647.57
Total Expense	43,728.51
Net Ordinary Income	26,761.49
Net Income	<u>26,761.49</u>

Northstar Development, LLC
PO Box 5104
Helena, MT 59604
406-459-4004

RECEIVED BY
2010 AUG 17 P 2:00
PUBLIC SERVICE
COMMISSION
1:15 Z

August 17, 2010

Montana Public Service Commission
1701 Prospect Ave
Helena, MT 59602

Attn: Leroy Beeby

RE: Annual Report – Additional Comments and Explanation

I've prepared the Annual Reports for Northstar Development, LLC for the years 2008 and 2009. As we discussed in our meeting, the utility does not technically stand on it's own as it is intertwined with the overall development project. The following are notes on how the figures were derived for the reports.

Income Statement:

The income was derived from the income statement prepared by Joratek and includes the revenue collection and the administrative expenses paid by Joratek.

The depreciation was derived from the Northstar Development tax return as the assets are all carried within Northstar.

The insurance expense was derived from Northstar Development tax return.

Interest expense was calculated by taking the water/sewer asset as a percentage of total assets (21%) and applied to total interest paid by Northstar.

There was additional water/sewer maintenance paid by Northstar that is not reflected on Joratek's income statement.

Balance Sheet:

The Utility Plant in Service is carried on the balance sheet of Northstar Development and the related depreciation is expensed by Northstar.

The Northstar balance sheet does carry the cash balance and accounts receivable for Northstar Water and Sewer – Joratek tracks but doesn't have a balance sheet.

Long term debt was derived by taking water/sewer asset as a percentage of total assets (21%) and applied to the total debt outstanding at year-end.

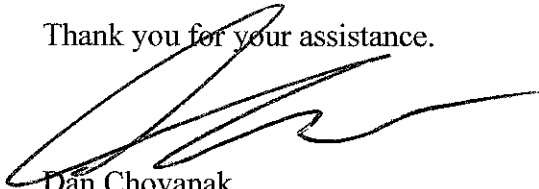
Capital was simply derived by taking the difference in total assets and the derived long term debt. There are no true capital accounts specifically related to the utility.

Water Operation and Maintenance Expense:

There are additional expenses not shown on the Joratek income statement that were paid by Northstar.

If you have further questions concerning the Annual Reports, please feel free to call me at 459-4004 or email at dchov@msn.com.

Thank you for your assistance.



Dan Chovanak
Northstar Development, LLC
DBA: Northstar Water & Sewer