



St. Vrain Sanitation District

Financial Statements and Supplementary Information

For the Years Ended December 31, 2016 and 2015

St. Vrain Sanitation District

Contents

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 8
Basic Financial Statements:	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 32
Required Supplementary Information	
Schedule of the District's Proportionate Share of the Net Pension Liability	33
Schedule of District Contributions	34
Other Supplementary Information:	
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - Sanitation Enterprise Fund	35 - 38
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General Government Fund	39



Independent Auditor's Report

Board of Directors
St. Vrain Sanitation District
Firestone, Colorado

We have audited the accompanying financial statements of the St. Vrain Sanitation District (the "District") as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Vrain Sanitation District as of December 31, 2016 and 2015, and the change in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 33 and the Schedule of District Contributions on page 34 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedules of Revenues and Expenditures - Budget and Actual (Budgetary Basis) on pages 35 to 39 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedules of Revenues and Expenditures - Budget and Actual (Budgetary Basis) was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Anton Collins Mitchell LLP

Greeley, Colorado
April 19, 2017

St. Vrain Sanitation District Management's Discussion and Analysis

Management's Discussion and Analysis is intended to present an analysis of the District's financial performance and an overview of the District's financial activities for the year ended December 31, 2016. The financial statements are an essential part of this analysis and are included with this document.

DISTRICT MISSION STATEMENT

St. Vrain Sanitation District's mission is to serve the present and the future sewage treatment needs of its customers in an efficient, cost effective, and environmentally responsible manner.

FINANCIAL HIGHLIGHTS

After evaluation of the District's financial statements the following highlights have been identified.

1. **The District's net financial position as of December 31, 2016 is \$85,457,009.** This represents an increase of \$2,337,103 (2.8%) over the District's 2015 ending net financial position. The increased net financial position is representative of a growing District with growth funded primarily through developer contributions.
2. **The District's 2016 operating revenues are \$4,993,629.** Operating revenues of the District increased in 2016 by 6.0% or \$280,645. Increased revenues are a result of an increased customer base through service connection sales.
3. **The District's operating expenses are \$7,457,307.** Depreciation expense of \$3,595,359 is included in the District's 2016 operating expenses.
4. **Capital contributions to the District for 2016 are \$4,938,148.** Capital contributions to the District are derived from the sale of sanitary sewer connections and the contribution of sanitary sewer infrastructure installed by developers of residential subdivisions. With this continued growth, the District monitors the collection and treatment capacity of its infrastructure to ensure the ability to meet the future needs of the District customers.
5. **Net pension liability of \$1,775,028.** Net pension liability is being recognized in 2016 as a requirement for reporting of the District's proportionate share of the total pension liability of the cost sharing plan with the Public Employees' Retirement Association of Colorado ("PERA") in accordance with the Governmental Accounting Standards Board ("GASB") statement No 68, *Accounting and Financial Reporting for Pensions - an amendment to GASB statement No. 27* on pension reporting.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts:

- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Supplementary Information

The basic financial statements include notes that explain in detail the information in the financial statements.

Basic Financial Statements

Statements of Net Position

The statements of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net financial position. It provides information pertaining to the nature of the District's investments (assets) and obligations to creditors (liabilities). The statement also provides the basis for determining the overall financial health of the District including liquidity and financial flexibility.

St. Vrain Sanitation District Management's Discussion and Analysis

The Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position reports District revenues and expenses. All changes in net position are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years (e.g. earned, but unused vacation leave.) This statement measures the success of the District's overall operation and can be used to determine if the District's user fee, rates, and charges are sufficient to recover operating expenses.

Statements of Cash Flows

The statements of cash flows present information concerning the District's cash receipts and cash payments during the year. The statement reports the cash receipts, cash payments, and net cash from operations, investing, and capital and noncapital financing activities.

FINANCIAL ANALYSIS OF THE ST. VRAIN SANITATION DISTRICT

The financial statements of the District begin on page 9. The true picture of the financial health of the District must be tempered with the operational theory and financial control that is practiced on a daily basis by the District.

FINANCIAL POLICY PRIORITIES

The financial goal of the District is to operate in an efficient and financially responsible manner. The District annually reviews its financial policies to assess their impact on financial activities. Policies that affected financial activities are as follows:

1. Growth of the District is development driven and funded.
2. In October of 2010 the District issued a combination of tax exempt and Build America ("BAB") wastewater revenue bonds to fund the expansion and construction of its wastewater treatment facility. The expansion of the facilities ensures the District's ability to meet the current and future needs of the customers of the District.
3. District administration and operations are funded from user fees.
4. Capital improvements to existing District assets and the acquisition of some new assets are funded through plant investment fees collected at the time of sanitary sewer connection purchase.

Plant investment fee and monthly service fee levels are reviewed annually. The current level of these fees has been determined to be sufficient, at this time, to provide the necessary revenues to satisfy the operations and capital construction needs of the District as well as the rate covenants required to satisfy the District indebtedness. In 2013 the District contracted to have a rate study performed. The result of the rate study determined that the current rate structure of the District related to monthly service fees was sufficient. The rate study also determined that the sewer connection fees could be raised to ensure the investment into District infrastructure by development was sufficient. This resulted in the District's decision to increase its plant investment fee from \$5,050 to \$5,650, to be initiated in January of 2014. The District also charges line extension fees on various lines. These fees are used to reimburse developers who funded the construction of specific lines, currently these fees generally range from \$650 to \$1,350. The fees are increased in alternating even-numbered years. The next such increase will occur on January 1, 2018.

Day-To-Day Operational Control of the District

For operational control, the District has classified all operations into two district funds: Enterprise and General Government.

The General Government Fund was funded in 2016 by a .570 mill levy to fund the general operations of the District. For 2015, the mill levy was .680 for general operations. Growth of the District's assessed value led to the decrease in mills allowable under the statutory limits. While this resulted in a decrease in the mill levy assessed to property owners overall there was an increase in District property revenue to \$361,414 compared to \$330,179 in 2015.

The District operates as a self-supporting enterprise. The Enterprise Fund is funded by revenues received from user fees and other sources that are sufficient to cover the day-to-day operating expenses of the District. Growth of the collection system is funded by developer contributions that are sufficient to pay 100% of the cost of design and construction unless the board approves of the participation of the District in the construction of a line. Any

St. Vrain Sanitation District Management's Discussion and Analysis

revenues contributed by the District are derived from Plant Investment Fees ("PIF") collected from new connections to the system. These funds are reimbursed over time to the District through the collection of line extension fees reimbursing the District in a primary role prior to reimbursing participating developers. The enterprise fund can be further segmented into general operations and construction.

The District general operations segment is funded primarily from monthly user service charges and other miscellaneous revenues received by the District. These revenues cover the daily administration, plant operations and collection line maintenance expense of the District. The construction segment of the District can be divided into two categories - capital improvements and growth. Capital improvements are funded from PIFs collected from users; growth is funded by the developers who are directly affected by the lines being funded.

The District's day-to-day operational control involves many levels of planning, forecasting and budgeting. Revenues and expenditures are allocated to specific District functions. District staff presents monthly financial reports and information to the board of directors for review and approval at their regular monthly meetings. The reports contain monthly revenues and expenditures compared to the adopted budget, as well as the financial position of the District reported in balance sheet form. These reports, and subsequent review, are an essential tool that is critical to the District's long-range financial control and planning efforts.

Financial Analysis

A summary of the statements of net position are shown as Table A. Increases or decreases in the District's net position are an indicator of improving or deteriorating financial health. This information, along with other non-financial information such as population growth or decline, legislative changes or board policy changes, provides an integrated assessment of the District's health.

**TABLE A
Condensed Statements of Net Position**

	2016	2015	2014
Current and other assets	\$ 16,951,433	\$ 15,736,655	\$ 15,052,750
Capital assets	86,657,524	85,458,417	86,034,112
Total assets	103,608,957	101,195,072	101,086,862
Deferred outflows of resources relating to pensions	484,525	223,983	-
Current liabilities	807,640	520,965	1,756,098
Non-current liabilities	17,371,838	17,420,241	17,588,858
Total liabilities	18,179,478	17,941,206	19,344,956
Deferred inflows of resources related to pensions	77,748	173	-
Unearned revenue - property taxes	379,247	357,770	324,803
Total deferred inflow of resources	456,995	357,943	324,803
Net position			
Net investment in capital assets	70,821,186	69,484,183	68,298,653
Restricted	11,359	11,045	11,207
Unrestricted	14,624,464	13,624,678	13,107,243
Total net position	\$ 85,457,009	\$ 83,119,906	\$ 81,417,103

Note: Net position for 2014 for the implementation of GASB 68 was not restated as presented above.

St. Vrain Sanitation District Management's Discussion and Analysis

The information contained in the table indicates that the District maintains a positive financial position. It is important that on a year-to-year basis the District operates within its policies and that in the operations portion of the budget, these revenues exceed expenditures.

It is also important to note that in the capital construction portion of the budget, annual expenditures may in some instances exceed the annual revenues when reported on an annual basis. It is the policy of the District that growth funds construction, this may result in the possibility that some funds recorded as revenues and received from developers are received in one year and the related expenses are not incurred until subsequent years. This difference is accounted for in the overall long range financial planning of the District. Also, funds collected from sanitary sewer connection fees are invested in a capital construction account and may be used at various times to fund capital improvements, District-required line oversizing of trunk lines or any other shared costs authorized by the board of directors. A summary of the statements of revenues, expenses and changes in net position are shown in Table B.

TABLE B
Condensed Statements of Revenues, Expenses and Changes in Net Position

	2016	2015	2014
Wastewater treatment and collection service charges	\$ 4,993,629	\$ 4,712,984	\$ 4,215,951
Operating expenses			
General government expenses	136,903	68,811	42,547
Sewer treatment plant	1,634,783	1,496,063	1,413,731
Sewer collection	1,026,700	1,028,452	1,256,955
Depreciation	3,595,359	2,066,724	1,535,665
Administration	1,063,562	997,064	829,108
Total operating expenses	7,457,307	5,657,114	5,078,006
Loss from operations	(2,463,678)	(944,130)	(862,055)
Non-operating revenues (expenses)			
Taxes	382,544	354,757	365,408
Inclusion fees	3,913	13,180	7,816
Interest income	96,723	78,445	67,896
Build America bond subsidy	267,092	266,518	265,945
FEMA reimbursement	8,146	-	-
Unrealized and realized gain (loss) on investments	(57,322)	2,058	48,052
Interest expense	(838,463)	(888,524)	(76,516)
Total non-operating revenue (expenses)	(137,367)	(173,566)	678,601
Net income/loss before contributions	(2,601,045)	(1,117,696)	(183,454)
Capital contributions	4,938,148	4,057,741	4,992,040
Change in net position	2,337,103	2,940,045	4,808,586
Net position - beginning of year	83,119,906	81,417,103	76,608,517
Prior period adjustment	-	(1,237,242)	-
Net position - end of year	<u>\$ 85,457,009</u>	<u>\$ 83,119,906</u>	<u>\$ 81,417,103</u>

St. Vrain Sanitation District Management's Discussion and Analysis

BUDGETARY HIGHLIGHTS

The schedule of revenues and expenditures - budget and actual (budgetary basis) is provided in the supplementary information of this report.

During 2016, the District saw revenues (exclusive of capital contributions) exceed budgeted revenues by 19.8% in the District Sanitary Sewer Enterprise Fund. This difference is mainly the result of an increase in demand for sewer connections. Monthly service charges were 99.3% of the budgeted amount and plant investment fee and capital contributions were 250% of the budgeted amount. The 2016 budget anticipated the addition of 350 single family equivalents (sfe), while actual sewer connection sales resulted in a total of 615 additional sfes in 2016.

During 2016, total actual expenditures were less than the budgeted expenditures by \$313,869 in the Enterprise Fund and \$311,643 in the General Government Fund. District management and staff are mindful of the economic concerns of its constituency and thus are conscientious in its use of District funds, relating back to the District policy of cost effectiveness and efficiency.

CAPITAL ASSETS AND DEBT ACTIVITIES

There were a number of capital projects completed in 2016. The opportunity to construct a portion of a District planned parallel line was completed to aid in future capacity for the properties located in Godding Hollow drainage basin. The District took advantage of planned street improvements to construct a portion of this line resulting in anticipated cost savings compared to a later construction timeline. Other lines completed were a developer funded collection line capacity increase, and the relocating of a force main as a result of a Colorado Department of Transportation highway improvement project. Other capital improvements were completed at the District treatment facility. A bio-solids drying pad was constructed to aid in the processing and disposal of class A bio-solid as a soil amendment. Additional data collection probes were purchased and installed at the treatment facility to aid in the efficiency of the treatment process.

In October 2010, the District issued wastewater revenue bonds totaling \$16,225,000 to aid in the funding of the expansion project, by doing so allowing the District to maintain a sufficient cash base to meet future needs as they arise. Additionally, growth of the District customer base will rebuild fund balances needed to fund future expansions of the District facilities. At the conclusion of 2016 the District had outstanding debt totaling \$15,800,000, remaining in the wastewater revenue bonds. These bonds are a combination of tax exempt bonds and Build America bonds. A 2016 review by Fitch Ratings resulted in a stable AA rating on the District outstanding bonds.

In 2015 the Board of Directors elected to retire the remaining \$1,623,315 debt due to the Colorado Water Conservation Board ("CWCB") loan originally issued to the Weld County Tri-Area Sanitation District. The District will continue to collect the debt fee from affected customers on an interest-free basis resulting in a reduction of the number of years for the loan payback. This will result in savings to the customers of approximately \$975,000 over the term of the loan.

ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES

The Board of Directors and the management of the St. Vrain Sanitation District considered many factors when they developed the 2017 District Budget. Projected user fees, growth, and plant investment fees were all evaluated and considered before the final budget was adopted. Departmental budgets submitted by departments are reviewed and vetted by the budget team before inclusion in the final budget. These expenses are reconciled to projected revenues. The District is entering into its eighth year of a ten year comprehensive rehabilitation and maintenance project dedicated to ensuring the viability of the District sewer infrastructure. Through the rehabilitation project the District has designated assets over a ten year period to address infrastructure needing maintenance and repair.

The District will enter 2017 with \$15,966,922 in cash, cash equivalents, and investments representing an increase in these balances of \$1,032,455 as a result of fiscal year 2016 activities. A District rate study is planned to be conducted as a part of the 2017 budget. This is an important exercise as it helps to ensure the District rate structure is sufficient to maintain our vision that growth and development fund future expansion to infrastructure, while monthly service fees cover the costs of operation. The District's current capacity is sufficient to provide the necessary service to the current and near future customers. With the continued growth in the area it is anticipated that the next phase of expansion of the treatment plant will need to take place in the next 5 to 10 years.

**St. Vrain Sanitation District
Management's Discussion and Analysis**

CONTACTING THE DISTRICT

This financial report is designed to provide our customers, investors, and creditors with the general overview of the District's finances and demonstrate the District's accountability to the customers of the District. If you have any questions concerning this report or need additional information please contact the District Manager of the St. Vrain Sanitation District, 11307 Business Park Circle, Firestone, Colorado 80504. Additional information about the District can be found by visiting our website www.stsan.com.

Basic Financial Statements

St. Vrain Sanitation District

Statements of Net Position

December 31,	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 7,169,408	\$ 6,972,324
Investments	8,797,514	7,962,143
Property taxes receivable	379,247	357,770
Receivables, net	541,378	440,922
Prepaid expenses	63,886	3,496
Total current assets	16,951,433	15,736,655
Capital assets		
Land, other property rights, and construction in progress	2,727,441	4,149,887
Other capital assets, net of accumulated depreciation	83,930,083	81,308,530
Total capital assets, net	86,657,524	85,458,417
Total assets	103,608,957	101,195,072
Deferred outflows of resources		
Deferred outflows of resources relating to pensions	484,525	223,983
Total deferred outflows of resources	484,525	223,983
Liabilities		
Current liabilities		
Accounts payable	268,735	163,288
Accrued expenses	115,648	116,344
Participants payable	128,257	106,333
Current portion of notes and bonds payable	295,000	135,000
Total current liabilities	807,640	520,965
Non-current liabilities		
Non-current portion of notes and bonds payable	15,541,338	15,839,234
Accrued compensated absences	55,472	36,628
Net pension liability	1,775,028	1,544,379
Total non-current liabilities	17,371,838	17,420,241
Total liabilities	18,179,478	17,941,206
Deferred inflows of resources		
Unearned revenue - property taxes	379,247	357,770
Deferred inflows of resources relating to pensions	77,748	173
Total deferred inflows of resources	456,995	357,943
Net position		
Net investment in capital assets	70,821,186	69,484,183
Restricted, emergency reserve	11,359	11,045
Unrestricted	14,624,464	13,624,678
Total net position	\$ 85,457,009	\$ 83,119,906

See accompanying notes to the financial statements.

St. Vrain Sanitation District

Statements of Revenues, Expenses and Changes in Net Position

<i>For the Years Ended December 31,</i>	2016	2015
Operating revenues		
Wastewater treatment and collection service charges	\$ 4,993,629	\$ 4,712,984
Total operating revenues	4,993,629	4,712,984
Operating expenses		
General government expenses	136,903	68,811
Sewer treatment plant	1,634,783	1,496,063
Sewer collection	1,026,700	1,028,452
Depreciation	3,595,359	2,066,724
Administration and information technology	1,063,562	997,064
Total operating expenses	7,457,307	5,657,114
Loss from operations	(2,463,678)	(944,130)
Non-operating revenues (expenses)		
Property taxes	361,414	330,179
Specific ownership taxes	21,130	24,578
Inclusion fees	3,913	13,180
Interest income	96,723	78,445
Build America bond subsidy	267,092	266,518
FEMA reimbursement	8,146	-
Net unrealized and realized (loss) gain on investments	(57,322)	2,058
Interest expense	(838,463)	(888,524)
Total non-operating revenues (expenses)	(137,367)	(173,566)
Loss before contributions	(2,601,045)	(1,117,696)
Capital contributions	4,938,148	4,057,741
Change in net position	2,337,103	2,940,045
Net position at beginning of year	83,119,906	80,179,861
Net position at end of year	\$ 85,457,009	\$ 83,119,906

See accompanying notes to the financial statements.

St. Vrain Sanitation District

Statements of Cash Flows

<i>For the years ended December 31,</i>	2016	2015
Cash flows from operating activities		
Cash received from customers	\$ 4,893,173	\$ 4,684,850
Cash paid to suppliers	(2,361,977)	(3,234,563)
Cash paid to employees	(1,388,831)	(1,271,526)
Net cash flows from operating activities	1,142,365	178,761
Cash flows from non-capital and related financing activities		
Property taxes	361,414	330,179
Specific ownership taxes	21,130	24,578
Inclusion fees	3,913	13,180
FEMA reimbursement	8,146	-
Net cash flows from non-capital and related financing activities	394,603	367,937
Cash flows from capital and related financing activities		
Contributed capital	3,812,517	3,655,306
Acquisition of capital assets	(3,646,911)	(1,260,790)
Build America bond subsidy	267,092	266,518
Principal paid	(135,000)	(1,758,315)
Interest paid	(841,612)	(891,434)
Net cash flows from capital and related financing activities	(543,914)	11,285
Cash flows from investing activities		
Interest income received	96,723	78,445
Government bonds purchased	(8,393,705)	(5,246,100)
Government bonds sold	7,501,012	3,780,000
Net cash flows from investing activities	(795,970)	(1,387,655)
Net change in cash and cash equivalents	197,084	(829,672)
Cash and cash equivalents at beginning of year	6,972,324	7,801,996
Cash and cash equivalents at end of year	\$ 7,169,408	\$ 6,972,324

(Continued)

St. Vrain Sanitation District

Statements of Cash Flows

<i>For the years ended December 31,</i>	2016	2015
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (2,463,678)	\$ (944,130)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	3,595,359	2,066,724
Changes in assets and liabilities:		
Receivables	(100,456)	(28,134)
Prepaid expenses	(60,390)	15,682
Accounts payable and accrued expenses	123,848	(1,014,708)
Pension liability and related items	47,682	83,327
Net cash flows from operating activities	\$ 1,142,365	\$ 178,761
Non-cash investing and financing transactions		
Contributed capital assets	\$ 1,147,555	\$ 230,239

See accompanying notes to the financial statements.

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

1. Summary of Significant Accounting Policies

Form of Organization

The St. Vrain Sanitation District (the “District”) is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (“CRS”). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District’s boundaries.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable GASB pronouncements.

Financial Reporting Entity

As defined by GAAP, established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the District.

Basic Financial Statements

The District is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

Basis of Accounting

The District’s operations are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statements of net position. Total net position is segregated into net investment in capital assets, restricted for emergency reserves and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The District utilizes the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

Cash and Cash Equivalents

The District considers all highly-liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments are measured at net asset value, which approximates fair value, or at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Operating Revenues and Receivables

Operating revenues are those revenues that are generated directly from the primary activity of the District. These revenues are wastewater treatment and collection service charges. The District is responsible for billing and collection of these charges on a quarterly basis.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances are considered past due 30 days from the invoice date. Management provides an allowance for uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. As of December 31, 2016 and 2015, \$11,551 is considered to be uncollectible.

Property Taxes

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on the last day of February and June 15, or in full on April 30. The District uses the Weld County Treasurer to bill and collect its property taxes. Taxes levied in December 2016 are recorded as property taxes receivable and unearned revenue as of December 31, 2016.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. The cost of maintenance and repairs is charged to expense as incurred; significant renewals, betterments and improvements are capitalized.

The provision for depreciation is computed using the straight-line method over the estimated useful lives of the assets. The lives used for individual components of capital assets are as follows:

	Estimated
Sewage treatment plant	20 - 50 years
Trunk and collection lines	20 - 50 years
Laboratory and office equipment	3 - 10 years
Building	50 years
Vehicles	5 years

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

Bond Issuance Costs, Premiums, and Bond Refunding

Long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium. Debt issuance costs are recognized as an expense during the period of issuance.

For bond refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the effective interest method. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

Accrued Compensated Absences

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits and overtime, which will be paid to employees upon separation from the District. A liability of \$55,472 and \$36,628 for accrued benefits at December 31, 2016 and 2015, respectively, has been recorded on the statements of net position representing the District's commitment to fund such costs.

Pensions

The District participates in the Local Government Division Trust Fund ("LGDTF"), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by PERA are reported at fair value.

Connection Fees

Potential customers seeking to connect to the sewer treatment system must make a formal, written request to the District. If the application is approved, the applicant may purchase a tap by paying a plant investment fee ("PIF") of \$5,650 per single-family equivalent unit ("SFE"), and a line extension fee is charged depending on location. During 2016 and 2015, the line extension fee ranged from \$650 to \$1,350. Plant investment fees and line extension fees are recorded as capital contributions from customers and subdividers.

Budget

Colorado state law requires the adoption of an annual budget. Appropriations lapse at the end of each year. The budget and related appropriations are prepared on the budgetary basis, which differs from GAAP in that:

- Certain capital outlays are budgeted as expenditures;
- Depreciation is not budgeted;
- Contributed lines are not budgeted as non-operating revenue;
- Proceeds from debt issuance are budgeted as non-operating revenues; and
- Debt principal retired is budgeted as non-operating expenses.

Therefore, comparison of actual operations on the accrual basis to the annual budget is not meaningful. However, a statement comparing actual (budgetary basis) to the budget is included in the supplementary

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

information. The adjustments necessary to convert the actual revenue and expenditures to the budgetary basis are presented in the following schedule.

	2016	2015
Change in net position	\$ 2,337,103	\$ 2,940,045
Add:		
Depreciation	3,595,359	2,066,724
Less:		
Capital outlay	(3,646,911)	(1,260,790)
Contributed capital assets	(1,147,555)	(230,239)
Debt principal paid	(135,000)	(1,758,315)
Excess of budget basis expenditures over budget basis revenues	\$ 1,002,996	\$ 1,757,425

The District's Board of Directors (the "Board") adopts total budget appropriations for each of its legal "funds". In October of each year the District presents a proposed budget to the Board for review and comment. A budget study session is held at the November meeting to discuss the budget requests. Public notice and a public hearing is held in December of each year when the budget is adopted per state statute by the Board. The Board may transfer budget amounts between departments within any fund; however, any revision that alters the total appropriation of any fund requires that a budget revision be adopted by resolution in the same manner described above for adoption of the original budget. The level of budgetary responsibility is by total "fund" appropriations.

	Original Budget	Total Revisions	Revised Budget
Business type fund:			
General fund	\$ 448,546	\$ -	\$ 448,546
Enterprise fund	8,659,288	-	8,659,288
Total	\$ 9,107,834	\$ -	\$ 9,107,834

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, if any,

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

that are attributable to the acquisition, construction or improvement of these assets, reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Participants Payable

Participants are developers who provide funds to the District for construction of sewer infrastructure which is refundable through agreements by development that is later connected to the infrastructure. These agreements provide an affected service area as well as set a "line extension fee." As sewer connections are sold, they are tracked and money collected is deposited in District accounts. Per the agreement, the funds are disbursed to the participants. Occasionally the District participates in construction of lines and then is reimbursed in full prior to reimbursement to participants. Reimbursements are dependent upon growth in the affected areas and are not guaranteed, thus they are not considered a payable until the fee is collected.

Use of Estimates

Preparation of the District's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes ("CRS") require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2016 and 2015, the District had deposits with a financial institution with a carrying amount of \$2,971,293 and \$3,574,337, respectively. The bank balances with the financial institution was \$3,032,920 and \$3,711,478, respectively. Of these amounts, \$250,000 was covered by federal depository insurance. The remaining balances of \$2,782,930 and \$3,461,478, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name (PDPA).

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

Cash and cash equivalents held by the District at December 31, 2016 and 2015, were as follows:

Cash financial institution	\$ 2,971,293	\$ 3,574,337
CSAFE	4,192,762	3,392,634
Cash with county treasurer	5,153	5,153
Cash on hand	200	200
Total cash and cash equivalents	\$ 7,169,408	\$ 6,972,324

At December 31, 2016, the District had the following investments:

Investment	S&P Rating	Fair Value	Weighted Average Maturity Date (in years)	Concentration of Credit Risk
FNMA	AA+	\$ 4,507,876	3.49	51.2%
FHLB	AA+	1,787,834	3.71	20.3%
FHLMC	AA+	2,012,804	3.45	22.9%
Certificates of Deposit	N/A	489,000	1.70	5.6%
Total investments		\$ 8,797,514		

At December 31, 2015, the District had the following investments:

Investment	S&P Rating	Fair Value	Weighted Average Maturity Date (in years)	Concentration of Credit Risk
FNMA	AA+	\$ 1,241,506	2.73	15.6%
FHLB	AA+	2,742,122	2.4	34.5%
FHLMC	AA+	2,491,930	3.44	31.3%
FFCB	AA+	997,585	0.85	12.5%
Certificates of Deposit	N/A	489,000	0.71	6.1%
Total investments		\$ 7,962,143		

Investments

The Board of Directors has adopted an investment policy which defines suitable and authorized investments, which include:

- U.S. Treasury with maturities not exceeding five years from the date of trade settlement.
- Federal Instrumentality Securities with maturities not exceeding five years from the date of trade settlement issued by the following only: Federal National Mortgage Association (“FNMA”), Federal Farm Credit Banks (“FFCB”), Federal Home Loan Banks (“FHLB”), and Federal Home Loan Mortgage Corporation (“FHLMC”). Federal instrumentality securities shall be rated in the highest rating

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

category by at least two Nationally Recognized Statistical Rating Organizations (“NRSROs”) that rate them, and shall be rated not less by any NRSRO that rates the debt.

- Repurchase Agreements with a termination date of 180 days or less collateralized by U.S. Treasury obligations or Federal Instrumentality securities above with a final maturity not exceeding ten years.
- Commercial Paper issued by domestic corporations with an original maturity of 270 days or less that is rated at least A-1, P-1 or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the commercial paper.
- Eligible Banker’s Acceptances with maturities not exceeding 180 days, issued by FDIC insured state or national banks. Banker’s Acceptances shall be rated at least A-1, P-1 or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the instrument.
- Corporate Debt with a maturity not exceeding three years from the date of trade settlement, issued by any corporation or bank organized and operating within the United States. The debt must be rated at least AA-, Aa3 or the equivalent by at least two NRSROs, and rated not less by any NRSRO that rates it.
- Non-negotiable Certificates of Deposit with a maturity not exceeding one year in any FDIC insured state or national bank located in Colorado that is an eligible public depository.
- Local government investment pools.
- Money Market Mutual Funds registered under the Investment Company Act of 1940 that: 1) are “no-load” (no commission or fee shall be charged on purchases or sales of shares); 2) have a constant net asset value of \$1.00 per share; 3) limit assets of the fund to those authorized by state statute; 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 5) have a rating of AAA or the equivalent by one or more NRSROs.

District policy is to hold investments until maturity.

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2016, assets measured at fair value on a recurring basis have been categorized into the hierarchy as follows:

Description	Total	Level 1	Level 2	Level 3
FNMA	\$ 4,507,876	\$ -	\$ 4,507,876	\$ -
FHLB	1,787,834	-	1,787,834	-
FHLMC	2,012,804	-	2,012,804	-
Certificates of deposit	489,000	-	489,000	-
	\$ 8,797,514	\$ -	\$ 8,797,514	\$ -

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

At December 31, 2015, assets measured at fair value on a recurring basis have been categorized into the hierarchy as follows:

Description	Total	Level 1	Level 2	Level 3
FNMA	\$ 1,241,506	\$ -	\$ 1,241,506	\$ -
FHLB	2,742,122	-	2,742,122	-
FHLMC	2,491,930	-	2,491,930	-
FFCB	997,585	-	997,585	-
Certificates of deposit	489,000	-	489,000	-
	\$ 7,962,143	\$ -	\$ 7,962,143	\$ -

Interest Rate Risk

Colorado state statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment portfolio does not contain investments that exceed that limitation of five years.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of December 31, 2016 and 2015, the District had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust (the "Trust"), discussed below.

Local Government Investment Pool

At December 31, 2016 and 2015, the District had invested \$4,192,762 and \$3,392,634, respectively, in CSAFE, an investment pool that operates under the Colorado Revised Statutes (24-75-701) which are overseen by the Colorado Securities Commissioner, which has an AAAM rating by Standard & Poor's. The investment pool invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days.

3. Receivables

Receivables at December 31, 2016 and 2015, consist of the following:

	2016	2015
Trade receivables	\$ 461,678	\$ 388,380
Allowance for doubtful accounts	(11,551)	(11,551)
Accrued interest receivable	4,815	4,815
Other	86,436	59,278
Total	\$ 541,378	\$ 440,922

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

4. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2016:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,077,066	\$ -	\$ -	\$ 1,077,066
Construction in progress	3,072,821	-	(1,422,446)	1,650,375
Total capital assets, not being depreciated	4,149,887	-	(1,422,446)	2,727,441
Capital assets, being depreciated:				
Building	1,136,697	-	-	1,136,697
Trunk and collection lines	46,347,521	5,467,061	-	51,814,582
Sewage treatment plant	50,932,377	617,482	(804,404)	50,745,455
Laboratory and office equipment	953,890	108,564	-	1,062,454
Vehicles	190,342	23,805	(52,548)	161,599
Total capital assets, being depreciated	99,560,827	6,216,912	(856,952)	104,920,787
Less accumulated depreciation for:				
Building	(264,036)	(22,734)	-	(286,770)
Trunk and collection lines	(9,887,367)	(935,835)	-	(10,823,202)
Sewage treatment plant	(7,152,830)	(2,562,440)	804,404	(8,910,866)
Laboratory and office equipment	(816,994)	(56,396)	-	(873,390)
Vehicles	(131,070)	(17,954)	52,548	(96,476)
Total accumulated depreciation	(18,252,297)	(3,595,359)	856,952	(20,990,704)
Total capital assets, being depreciated, net	81,308,530	2,621,553	-	83,930,083
Total capital assets, net	\$85,458,417	\$ 2,621,553	\$ (1,422,446)	\$86,657,524

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

The following is a summary of capital asset activity for the year ended December 31, 2015:

	Beginning Balance (Restated)	Additions	Disposals	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,077,066	\$ -	\$ -	\$ 1,077,066
Construction in progress	42,945,731	897,018	(40,769,928)	3,072,821
Total capital assets, not being depreciated	44,022,797	897,018	(40,769,928)	4,149,887
Capital assets, being depreciated:				
Building	1,136,697	-	-	1,136,697
Trunk and collection lines	44,785,909	1,561,612	-	46,347,521
Sewage treatment plant	11,198,141	39,734,236	-	50,932,377
Laboratory and office equipment	904,237	49,653	-	953,890
Vehicles	186,702	18,438	(14,798)	190,342
Total capital assets, being depreciated	58,211,686	41,363,939	(14,798)	99,560,827
Less accumulated depreciation for:				
Building	(241,302)	(22,734)	-	(264,036)
Trunk and collection lines	(8,962,928)	(924,439)	-	(9,887,367)
Sewage treatment plant	(6,093,651)	(1,059,179)	-	(7,152,830)
Laboratory and office equipment	(769,223)	(47,771)	-	(816,994)
Vehicles	(133,267)	(12,601)	14,798	(131,070)
Total accumulated depreciation	(16,200,371)	(2,066,724)	14,798	(18,252,297)
Total capital assets, being depreciated, net	42,011,315	39,297,215	-	81,308,530
Total capital assets, net	\$ 86,034,112	\$ 40,194,233	\$ (40,769,928)	\$ 85,458,417

5. Long Term Debt

Loans Payable

On September 9, 2003, the District entered into a thirty year loan agreement with the Colorado Water Conservation Board ("CWCB") to borrow \$2,002,400, due in annual installments of \$130,259, including principal and interest, at 5.0% beginning August 1, 2005. The loan was secured by all revenues of the District's Water Activity Enterprise and any other funds legally available to the debtor, in an amount sufficient to pay the annual amount due under the loan contract. This loan payable was fully repaid by the District in 2015.

Wastewater Revenue Bonds, Series 2010A and Series 2010B

On October 7, 2010, the District issued bonds in two series, totaling \$16,225,000, for the purpose of constructing the new treatment facility. The Series 2010A bonds are tax-free Wastewater Revenue Bonds, payable from future revenues generated by the District. The Series 2010B bonds are also Wastewater Revenue Bonds, payable from future revenues generated by the District; however, they were issued under the federally subsidized Build America Bonds ("BABs") program, which are therefore federally taxable. The District's interest costs are partially subsidized under the BABs program, and are recognized as non-operating revenues in 2016 and 2015.

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2016:

	Beginning Balance	Additions	Debt Retired	Ending Balance	Due Within One Year
Wastewater Revenue Bonds,					
Series 2010A and Series 2010B	\$15,935,000	\$ -	\$ (135,000)	\$15,800,000	\$ 295,000
Compensated absences	36,628	62,608	(43,764)	55,472	-
Total	15,971,628	\$ 62,608	\$ (178,764)	15,855,472	\$ 295,000
Bond premium	39,234			36,338	
Current portion of long-term debt	(135,000)			(295,000)	
Net outstanding long-term debt	\$15,875,862			\$15,596,810	

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2015:

	Beginning Balance	Additions	Debt Retired	Ending Balance	Due Within One Year
CWCB loan	\$ 1,623,315	\$ -	\$ (1,623,315)	\$ -	\$ -
Wastewater Revenue Bonds,					
Series 2010A and Series 2010B	16,070,000	-	(135,000)	15,935,000	135,000
Compensated absences	37,492	45,078	(45,942)	36,628	-
Total	17,730,807	\$ 45,078	\$ (1,804,257)	15,971,628	\$ 135,000
Bond premium	42,144			39,234	
Current portion of long-term debt	(184,093)			(135,000)	
Net outstanding long-term debt	\$ 17,588,858			\$ 15,875,862	

The annual requirements to amortize all debt outstanding as of December 31, 2016 are as follows:

Year Ending December 31,	Principal	Interest	Total
2017	\$ 295,000	\$ 838,575	\$ 1,133,575
2018	300,000	828,987	1,128,987
2019	410,000	819,237	1,229,237
2020	420,000	803,944	1,223,944
2021	535,000	787,648	1,322,648
2022-2026	3,645,000	2,861,696	6,506,696
2027-2031	5,015,000	2,366,166	7,381,166
2032-2035	5,180,000	765,325	5,945,325
Total	\$ 15,800,000	\$ 10,071,578	\$25,871,578

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

6. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions, or natural disasters. The District maintains commercial insurance coverage to mitigate these risks of loss. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

7. Public Employees Retirement Association of Colorado

Plan description

Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at CRS § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools ("DPS") Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (“COLAs”), referred to as annual increases in the CRS Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (“CPI-W”) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions

Eligible employees and the District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under CRS § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in CRS § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in CRS § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in CRS 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

¹Rates are expressed as a percentage of salary as defined in CRS § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$129,502 and \$122,871, respectively, for the years ended December 31, 2016 and 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016 and 2015, the District reported a net pension liability of \$1,775,028 and \$1,544,379, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015 and December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 and 2013. Standard

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

update procedures were used to roll forward the total pension liability to December 31, 2015 and 2016, respectively. The District's proportion of the net pension liability was based on District contributions to the LGDTF for the calendar years 2015 and 2014 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the District's proportion was 0.16113 percent, which was a decrease of 0.01117 from its proportion measured as of December 31, 2014. At December 31, 2014, the District's proportion was 0.17230, which was an increase of .00741 from its proportion measured as of December 31, 2013.

For the years ended December 31, 2016 and 2015, the District recognized pension expense of \$177,184 and \$206,198, respectively.

At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,318	\$ 61
Changes of assumptions or other inputs	-	32,512
Net difference between projected and actual earnings on pension plan investments	341,705	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	45,175
District contributions subsequent to the measurement date	129,502	-
Total	\$ 484,525	\$ 77,748

The \$129,502 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2017	\$ 39,050
2018	75,747
2019	89,614
2020	72,864
	\$ 277,275

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 173
Net difference between projected and actual earnings on pension plan investments	67,002	-
Change in proportionate share	34,110	-
District contributions subsequent to the measurement date	122,871	-
	\$ 223,983	\$ 173

Actuarial assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and "DPS" Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return *
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, the total covered payroll was assumed to increase annually at a rate of 3.90%.

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (“SEIR”) determination process when the timing of AIR cash flows is not a factor (i.e., the plan’s fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan’s fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District’s proportionate share of the net pension liability	\$ 2,721,299	\$ 1,775,028	\$ 990,190

Pension plan fiduciary net position

Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

8. Postemployment Healthcare Benefits

Plan description

The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding policy

The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the CRS, as amended. For the years ending December 31, 2016, 2015 and 2014, the District's employer contributions to the HCTF were \$10,417, \$9,884, and \$9,630, respectively, equal to their required contributions for each year.

9. Defined Contribution Pension Plan

Plan Description - Employees of the District who are members of the LGDTF (see Note 7) may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available annual financial report for the 401(k) Plan.

Funding Policy - The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$18,000 for the calendar years 2016 and 2015, respectively). Catch-up contributions up to \$6,000 for the calendar years 2016 and 2015 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the years ended December 31, 2016, 2015, and 2014, the 401(k) Plan member contributions were \$46,184, \$45,427, and \$56,864, respectively.

10. Board Designated Net Position

Board designated net position, which is intended to be used for specific purposes but is not legally restricted, is a component of unrestricted net position. At December 31, 2016 and 2015, the Board designated \$3,268,343 and \$3,211,529, respectively, to provide funding for a reserve for infrastructure replacements, an emergency reserve, and a debt reserve.

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

11. Commitments and Contingencies

Federal, State and Local Provisions

Substantially all of the District’s facilities are subject to federal, state, and local provisions regulating the discharge of materials into the environment. Compliance with these provisions has not had, nor does the District expect such compliance to have, any material effect upon the capital expenditures, net income and financial condition of the District. Management believes that its current practices and procedures for the control and disposition of such waste comply with applicable federal and state requirement.

Line Extension Agreements

Pursuant to certain line extension agreements, the District is committed to reimburse various parties for line extension fees as customers connect to the applicable lines. However, the District is not required to reimburse funds until the fees are received from new customers or developers. Generally, the fees shall first be applied to the District’s contribution until totally reimbursed, and only thereafter to the various parties. Some agreements call for the line extension fees received to be divided between the developer and the District on a pro-rata basis. The agreements generally are for 15 years after which time any further fees received remain with the District.

As of December 31, 2016, the maximum reimbursements are as follows:

	District	Participants
Idaho Creek Line Extension	\$ -	\$ 1,141,456
WCR 20/11 Line Extension	-	102,677
Dacono/ 52 Crossing	-	230,769
Liberty Gulch Line Extension	-	3,371,558
Aurora Dairy Line Extension	-	280,350
Carlson Line Extension	218,896	219,227
Northline Extension	1,669,611	1,183,417
Graydon Line Extension	190,746	598,883
Knudson	-	41,684
North 66	-	181,000
Liberty Gulch Phase III Line Extension	-	1,215,341
WCR 26E Line Extension	-	254,013
Wyndham Hill	-	410,243
TA Interceptor	8,608,185	-
Totals	\$ 10,687,438	\$ 9,230,618

12. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the “Amendment” or “TABOR”) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue

St. Vrain Sanitation District
Notes to Financial Statements
December 31, 2016 and 2015

earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The District passed a resolution, “Continuing and Clarifying the Establishment of a Sanitation Activity Enterprise.” This resolution was passed after much research by legal counsel regarding the status of the District following the passage of the amendment. Because the District qualifies as an enterprise as defined by paragraph 2(d), Section 20, Article X of the Colorado Constitution, it was determined that the District’s Sanitation Enterprise Fund is therefore exempt from the requirements and limitations of Section 20, Article X of the Colorado Constitution.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the amendment, exclude economic conditions, revenue shortfalls, or salary and fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$11,359 and \$11,045 for emergencies as defined by TABOR as of December 31, 2016 and 2015, respectively.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

13. Subsequent Events

The District evaluated subsequent events through April 19, 2017, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

Required Supplementary Information

St. Vrain Sanitation District
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Years

	2016	2015	2014
District's proportion of the net pension liability	0.16113%	0.17230%	0.16490%
District's proportionate share of the net pension liability	\$ 1,775,028	\$ 1,544,379	\$ 1,237,242
District's covered-employee payroll	\$ 1,026,221	\$ 944,151	\$ 888,764
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	172.97%	163.57%	139.21%
Plan fiduciary net position as a percentage of the total pension	76.90%	80.70%	77.66%

* The amounts presented for each fiscal year were determined as of 12/31 of the prior year.

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

See accompanying Independent Auditor's Report

**St. Vrain Sanitation District
Schedule of District Contributions**

Last Ten Years

	2016	2015	2014	2013
Statutorily Required Contribution	\$ 129,502	\$ 122,871	\$ 119,718	\$ 111,550
Contributions in Relation to the Statutorily Contribution	129,502	122,871	119,718	111,550
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,077,025	\$ 1,026,221	\$ 944,151	\$ 888,764
Contributions as a Percentage of Covered Employee Payroll	12.02%	11.97%	12.68%	12.55%

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

See accompanying Independent Auditor's Report

Other Supplementary Information

St. Vrain Sanitation District
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
Sanitation Enterprise Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for the Year Ended December 31, 2015

	2016					2015 Actual
	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)		
	Original	Final				
Revenues						
Monthly sewer charges	\$ 4,026,938	\$ 4,026,938	\$ 4,058,266	\$ 31,328		\$ 3,939,146
Drainage debt service fees	132,176	132,176	136,486	4,310		131,893
Excess surcharges	130,000	130,000	182,239	52,239		193,662
Fines collected	1,000	1,000	-	(1,000)		-
Line extension fees	-	-	324,974	324,974		275,915
Capital contributions	1,978,100	1,978,100	3,790,593	1,812,493		3,827,502
Inspection fees	26,800	26,800	30,960	4,160		38,643
Inclusion development fees charges	4,800 74,000	4,800 74,000	3,600 142,461	(1,200) 68,461		4,800 33,515
Miscellaneous charges and fees	14,430	14,430	86,523	72,093		66,215
Transfer fees	15,000	15,000	28,120	13,120		29,195
Nonoperating revenues:						
General fund	300,000	300,000	-	(300,000)		-
Interest	64,200	64,200	96,399	32,199		78,210
FEMA reimbursement	1,500,000	1,500,000	8,146	(1,491,854)		-
Build America bond subsidy	286,733	286,733	267,092	(19,641)		266,518
Unrealized and realized (loss) gain on investments	-	-	(57,322)	(57,322)		2,058
Total revenues	8,554,177	8,554,177	9,098,537	544,360		8,887,272
Expenditures						
Sewer collection:						
Payroll and benefits	305,018	305,018	264,718	40,300		287,612
Education and training	3,000	3,000	1,290	1,710		1,075
Legal	3,000	3,000	2,137	863		2,773
Collection lines:						
Cleaning and other	106,426	106,426	108,715	(2,289)		105,734
Maintenance and repair	693,900	693,900	565,782	128,118		527,501
Inspection:						
Auto and truck	3,000	3,000	3,334	(334)		3,482
Television	53,623	53,623	57,437	(3,814)		61,885
Other	16,710	16,710	13,716	2,994		13,126
Consultant and consulting engineer						
	8,000	8,000	9,275	(1,275)		6,000
Flood repairs	-	-	-	-		18,988
GIS service	1,000	1,000	128	872		-
Locate service	21,000	21,000	-	21,000		-
Dues and subscriptions	200	200	168	32		276
Total sewage collection	1,214,877	1,214,877	1,026,700	188,177		1,028,452

Continued.

St. Vrain Sanitation District
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
Sanitation Enterprise Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for the Year Ended December 31, 2015

	2016		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)	2015 Actual
	Budgeted Amounts				
	Original	Final			
Sewage treatment:					
Payroll and benefits	476,319	476,319	496,416	(20,097)	450,423
Auto and truck expense	23,000	23,000	16,942	6,058	11,263
Contract services	43,500	43,500	23,012	20,488	21,817
Testing and discharge monitoring	25,000	25,000	21,978	3,022	16,961
Equipment maintenance and repair	113,000	113,000	71,566	41,434	70,983
Laboratory supplies and equipment	15,000	15,000	19,592	(4,592)	13,329
Lift station:					
Maintenance and repair	4,000	4,000	2,535	1,465	2,526
Telephone	800	800	775	25	749
Plant:					
Maintenance and repair	99,000	99,000	55,170	43,830	73,762
Operating supplies	172,000	172,000	224,612	(52,612)	143,142
Other	8,350	8,350	22,716	(14,366)	6,435
Trash and cleaning	16,200	16,200	15,080	1,120	14,424
Training and safety	14,400	14,400	11,197	3,203	4,925
Fees and licenses	22,000	22,000	13,838	8,162	15,968
Utilities:					
Headworks	70,000	70,000	51,629	18,371	59,626
Operating building	475,000	475,000	457,104	17,896	451,192
Other	5,500	5,500	4,361	1,139	3,601
Pretreatment	117,069	117,069	116,736	333	104,454
Bio-solids removal	35,000	35,000	2,626	32,374	19,702
Flood expense	-	-	-	-	3,600
Telephone	10,000	10,000	6,898	3,102	7,181
Total sewage treatment	1,745,138	1,745,138	1,634,783	110,355	1,496,063
Capital outlay:					
Capital construction costs	3,210,000	3,210,000	3,646,911	(436,911)	1,260,790
Total capital outlay	3,210,000	3,210,000	3,646,911	(436,911)	1,260,790

Continued.

St. Vrain Sanitation District
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
Sanitation Enterprise Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for the Year Ended December 31, 2015

	2016		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)	2015 Actual
	Budgeted Amounts				
	Original	Final			
Administration and information technology:					
Building maintenance and cleaning	43,750	43,750	46,130	(2,380)	25,444
Building utilities	15,000	15,000	13,079	1,921	13,076
Building security and trash	2,570	2,570	3,421	(851)	2,922
Office supplies	8,000	8,000	8,552	(552)	10,839
Information technology	196,780	196,780	135,358	61,422	117,559
Equipment maintenance and repairs	6,700	6,700	4,059	2,641	2,286
Postage	6,900	6,900	8,023	(1,123)	6,987
Telephone:					
Office	780	780	1,131	(351)	779
Cell phones	8,400	8,400	9,365	(965)	7,309
Insurance:					
Liability and property	90,000	90,000	78,342	11,658	81,793
Employee health	45,213	45,213	46,547	(1,334)	46,193
Training	8,000	8,000	7,061	939	4,230
Mileage and meals	3,800	3,800	3,265	535	3,096
Legal fees	9,000	9,000	33,233	(24,233)	28,156
Bank fees	15,600	15,600	32,794	(17,194)	16,265
Advertising and public notices	500	500	1,323	(823)	860
Licenses and fees	1,700	1,700	526	1,174	1,681
Miscellaneous	9,287	9,287	45,157	(35,870)	24,041
Payroll:					
Salaries	462,324	462,324	422,194	40,130	397,897
Taxes	7,084	7,084	7,454	(370)	6,938
PERA retirement	58,814	58,814	100,494	(41,680)	136,365
401(k) plan matching	25,758	25,758	20,185	5,573	13,806
Consultant and contracted services	35,000	35,000	23,255	11,745	37,342
Dues and subscriptions	12,400	12,400	12,614	(214)	11,200
Total administration and information technology	1,073,360	1,073,360	1,063,562	9,798	997,064

Continued.

St. Vrain Sanitation District
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
Sanitation Enterprise Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for the Year Ended December 31, 2015

	2016		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)	2015 Actual
	Budgeted Amounts				
	Original	Final			
Debt service:					
Bond service fee	500	500	-	500	-
Due to General fund	132,176	132,176	-	132,176	-
Principal payments on CWCB loan	-	-	-	-	1,623,315
Interest payments on CWCB loan	-	-	-	-	81,166
Principal payments on 2010 AB Series	135,000	135,000	135,000	-	135,000
Interest payments on 2010 AB Series	841,612	841,612	838,463	3,149	807,358
Total debt service	1,109,288	1,109,288	973,463	135,825	2,646,839
Contingencies	306,625	306,625	-	306,625	-
Total expenditures	8,659,288	8,659,288	8,345,419	313,869	7,429,208
Excess (deficiency) of enterprise fund revenues over enterprise fund expenditures	\$ (105,111)	\$ (105,111)	\$ 753,118	\$ 858,229	\$ 1,458,064

See accompanying Independent Auditor's Report

St. Vrain Sanitation District
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
General Government Fund
For the Year Ended December 31, 2016

With Comparative Actual Amounts for Year Ended December 31, 2015

	2016		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)	2015 Actual
	Budgeted Amounts				
	Original	Final			
Revenues:					
General property taxes	\$ 357,770	\$ 357,770	\$ 361,313	\$ 3,543	\$ 329,821
Refund and abatements	-	-	101	101	358
Specific ownership taxes	21,600	21,600	21,130	(470)	24,578
Earnings on investments	800	800	324	(476)	235
Transfer from Enterprise fund	132,176	132,176	-	-	-
Inclusion fees	6,000	6,000	3,913	(2,087)	13,180
Total revenues	518,346	518,346	386,781	(131,565)	368,172
Expenditures:					
Treasurer's fees	7,000	7,000	5,362	1,638	4,827
Abatements	1,200	1,200	428	772	2,193
Advertising/public notices	1,200	1,200	-	1,200	-
Board meetings	2,400	2,400	2,025	375	1,868
Director fees	9,246	9,246	7,229	2,017	5,700
Miscellaneous	17,500	17,500	15,045	2,455	20,229
Audit	18,000	18,000	17,689	311	15,767
Legal fees	80,000	80,000	84,406	(4,406)	12,507
Conferences	2,000	2,000	1,773	227	680
Elections	10,000	10,000	2,946	7,054	5,040
Transfer to Enterprise fund	300,000	300,000	-	300,000	-
Total expenditures	448,546	448,546	136,903	311,643	68,811
Excess of general government fund revenues over general government fund expenditures	\$ 69,800	\$ 69,800	\$ 249,878	\$ 180,078	\$ 299,361

See accompanying Independent Auditor's Report