ALPENSEE WATER DISTRICT

Financial Statements

Year Ended December 31, 2016

with

Independent Auditors' Report

E

C O N T E N T S

SIMMONS & WHEELER, P.C. Certified Public Accountants

304 Inverness Way South, Suite 490, Englewood, CO 80112 (303) 689-0833

Board of Directors
Alpensee Water District
Summit County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alpensee Water District, as of and for the year ended December 31, 2016, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Alpensee Water District as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alpensee Water District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Simmons & Wheeler P.C.

Englewood, CO
September 29, 2017

Alpensee Water District

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2016

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash	$ 112,216	$ -	$ 112,216	$ -	$ 112,216
Cash - restricted	1,500	48,873	50,373	-	50,373
Receivable	13,982		13,982	-	13,982
Prepaid expenses	6,651		6,651	-	6,651
Property taxe receivable	34,487	111,881	146,368	-	146,368
Capital Assets	-	-	-	573,410	573,410
Total Assets	$ 168,836	$ 160,754	$ 329,590	573,410	903,000
LIABILITIES					
Accounts payable	$ 1,446		$ 1,446	-	1,446
Accrued interest on notes	-	-	-	1,512	1,512
Long-term liabilities:					
Amount due in one year	-	-	-	77,000	77,000
Amount due in more than one year	-	-	-	1,177,837	1,177,837
Total Liabilities	1,446	-	1,446	1,256,349	1,257,795
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	34,487	111,881	146,368	-	146,368
Total Deferred Inflows of Resources	34,487	111,881	146,368	-	146,368
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepaids	6,651	-	6,651	(6,651)	-
Restricted:					
Emergencies	1,500	-	1,500	(1,500)	-
Debt service	-	48,873	48,873	(48,873)	-
Unassigned	124,752	-	124,752	(124,752)	-
Total Fund Balances	132,903	48,873	181,776	(181,776)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 168,836	$ 160,754	$ 329,590		
Net Position:					
Restricted for:					
Emergencies				1,500	1,500
Debt service				47,361	47,361
Unrestricted				(561,336)	(561,336)
Total Net Position				$ (512,475)	$ (512,475)

The notes to the financial statements are an integral part of these statements.

Alpensee Water District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	General	Debt Service	Total	Adjustments	Statement of Activities
EXPENDITURES					
Accounting and Auditing	$ 1,510	$ -	$ 1,510	$ -	$ 1,510
Repair and maintenance	30,789	-	30,789	-	30,789
Contract Labor	10,530	-	10,530	-	10,530
Dues and publications	3,271	-	3,271	-	3,271
Utilities	7,012	-	7,012	-	7,012
Insurance	6,312	-	6,312	-	6,312
Legal	3,131	-	3,131	-	3,131
Miscellaneous	1,838	-	1,838	-	1,838
Water Testing	425	-	425	-	425
Treasurers fees	1,617	5,701	7,318	-	7,318
Interest on Loan	311	-	311	-	311
Principal loan repayment	1,855	-	1,855	(1,855)	-
Depreciation	-	-	-	40,957	40,957
Debt Service					
Note principal on 2011 debt	-	1,196,600	1,196,600	(1,196,600)	-
Note principal on 2016 debt	-	73,000	73,000	(73,000)	-
Note interest	-	43,259	43,259	1,512	44,771
Bond issue costs	-	33,000	33,000	-	33,000
Payment on subordinate debt	-	31,477	31,477	(31,477)	-
Total Expenditures	68,601	1,383,037	1,451,638	(1,260,463)	191,175
GENERAL REVENUES					
Property taxes	32,277	113,787	146,064	-	146,064
Specific ownership taxes	1,681	5,931	7,612	-	7,612
Interest income	68	332	400	-	400
Water Revenue	36,600	-	36,600		36,600
Tap extension fee	1,500	-	1,500	-	1,500
Total General Revenues	72,126	120,050	192,176	-	192,176
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,525	(1,262,987)	(1,259,462)	1,260,463	1,001
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	1,225,000	1,225,000	(1,225,000)	-
Loan proceeds	60,000	-	60,000	(60,000)	-
Total Other Financing Sources (Uses)	60,000	1,225,000	1,285,000	(1,285,000)	-
NET CHANGES IN FUND BALANCES	63,525	(37,987)	25,538	(25,538)	
CHANGE IN NET POSITION				1,001	1,001
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	69,378	86,860	156,238	(669,714)	(513,476)
END OF YEAR	$ 132,903	$ 48,873	$ 181,776	$ (694,251)	$ (512,475)

The notes to the financial statements are an integral part of these statements.

Alpensee Water District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2016

	Original &Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 32,277	$ 32,277	$ -
Specific ownership taxes	1,500	1,681	181
Interest income	100	68	(32)
Water Revenue	36,600	36,600	-
Emergency Water System Fee	-	1,500	1,500
Total Revenues	70,477	72,126	1,649
EXPENDITURES			
Accounting and Auditing	2,150	1,510	640
Repair and maintenance	20,000	30,789	(10,789)
Contract Labor	12,000	10,530	1,470
Dues	3,000	3,271	(271)
Utilities	8,000	7,012	988
Insurance	5,000	6,312	(1,312)
Legal	4,000	3,131	869
Miscellaneous	600	1,838	(1,238)
Water Testing	2,000	425	1,575
Treasurers fees	1,500	1,617	(117)
Interest on loan	-	311	(311)
Principal on loan	-	1,855	(1,855)
District Management	15,000	-	15,000
Contingency	22,862	-	22,862
Total Expenditures	96,112	68,601	27,511
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,635)	3,525	29,160
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	60,000	60,000
Total Other Financing Sources (Uses)	-	60,000	60,000
NET CHANGE IN FUND BALANCE	(25,635)	63,525	89,160
FUND BALANCE:			
BEGINNING OF YEAR	25,635	69,378	43,743
END OF YEAR	$ -	$ 132,903	$ 132,903

The notes to the financial statements are an integral part of these statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Alpensee Water District, located in Summit County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on November 20, 1999, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to manage and coordinate the financing, acquisition, construction, operation and maintenance of all public infrastructure and services within the service area. The District's primary revenues are developer advances. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

The District has no employees and all operations and administrative functions are contracted.

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual is interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

During 2016 the District refinanced it outstanding debt with the issuance of $1,225,000 of refunding debt. The cost of the refinancing exceeded the amount originally appropriated in the 2016 Debt Service Fund budget which may be considered a violation of Colorado budget law.

Assets, Liabilities and Net Position

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. Infrastructure is depreciated over 30 years

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of $6,651 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $1,500 of the General Fund balance has been restricted in compliance with this requirement.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash

As of December 31, 2016, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 112,216
Cash and investments – restricted	51,873
	$ 164,069

Cash and investments as of December 31, 2016 consist of the following:

Deposits with financial institutions	$ 164,069

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District does not have a formal policy for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Custodial and Concentration of Credit Risk
None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk
Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Credit Risk
The District has not adopted a formal investment policy, however the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Investment Valuation
The District categorizes its fair value measurements 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. Investments not measured at fair value and not categorized include governmental money market funds; money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

As of December 31, 2016, the District had no investments.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

Governmental Type Activities:	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Capital assets being depreciated:				
Infrastructure	1,228,722	-	-	1,228,722
Total capital assets being depreciated	1,228,722	-	-	1,228,722
Accumulated Depreciation:				
Infrastructure	(614,355)	(40,957)	-	(655,312)
Total accumulated depreciation	(614,355)	(40,957)	-	(655,312)
Net capital assets being depreciated	614,367	(40,957)	-	573,410
Government type assets, net	$ 614,367	$ (40,957)	$ -	$ 573,410

Note 4: Long Term Debt

Limited Tax General Obligation Refunding Note Series 2011

On June 13, 2011, the District issued a $1,420,000 Limited Tax General Obligation Refunding Note Series 2011 (“2011 Note”), the proceeds of which were used to refund the Districts' outstanding Series 2000 debt in the amount of $965,000 as well as it's Subordinate Lien Bond in the amount of $313,311. The note matures and bears interest semiannually at a rate of 3.721 % maturing June 15, 2016. On June 15, 2016, the 2011 Note was paid in full with proceeds from the 2016 Note.

Limited Tax General Obligation Refunding Note Series 2016

On June 15, 2016, the District issued a $1,225,000 Limited Tax General Obligation Refunding Note Series 2016 (“2016 Note”), the proceeds of which were used to refund the Districts' outstanding 2011 Note in the amount of $1,196,000. The 2016 Note bears interest semiannually at a rate of 3.15 % maturing June 15, 2026. On or any time after December 15, 2021, the 2016 Note may be prepaid in whole at a prepayment price equal to the outstanding principal amount plus accrued interest to the date of prepayment without a termination fee, premium or penalty. The District is required to maintain a reserve fund of $45,000, which it has at December 31, 2016.

The following is a summary of the annual long-term debt principal and interest requirements on the 2016 Note.

	Principal	Interest	Total
2017	$ 77,000	$ 35,682	$ 112,682
2018	80,000	33,233	113,233
2019	84,000	30,681	114,681
2020	87,000	28,011	115,011
2021	91,000	25,239	116,239
2022-2026	733,000	76,191	809,191
Total	$ 1,152,000	$ 229,037	$ 1,381,037

Bank Loan

On October 4, 2016, the District entered into a Loan Agreement with UMB Bank, n.a. The principal amount of the loan was $60,000. The loan matures on October 4, 2021 and accrued interest at 3.13% payable monthly. The loan maybe prepaid at any time

The following is a summary of the annual long-term debt principal and interest requirements on the Bank Loan.

	Principal	Interest	Total
2017	$ 11,312	$ 1,682	$ 12,993
2018	11,676	1,317	12,993
2019	12,052	941	12,993
2020	12,438	555	12,993
2021	10,667	155	10,822
Total	$ 58,145	$ 4,650	$ 62,795

Subordinate debt:

The District entered into a subordinate debt agreement with the prior developer of property in the District as part of the 2011 refunding of the Districts general obligation debt in the amount of $93,000. The amount of the subordinate debt bears no interest. The outstanding balance of the debt at December 31, 2016 is $56,004.

The following is an analysis of changes in long-term debt for the period ending December 31, 2016.

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Current Portion
Limted tax G.O. Refunding Note 2011	$ 1,196,000	$ -	$ 1,196,000	$ -	$ -
Limted tax G.O. Refunding Note 2016	-	1,225,000	73,000	1,152,000	77,000
Bank loan	-	60,000	1,855	58,145	11,312
Subordinate debt	87,481	-	31,477	56,004	-
Total	$ 1,283,481	$ 1,285,000	$ 1,302,332	$1,266,149	$ 88,312

As of December 31, 2016, the District had no remaining voted debt authorization.

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The Colorado Special Districts Property and Liability Pool (the Pool) is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public official's liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Assets includes an adjustments column. The adjustments have the following elements:

1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds;

2) long-term liabilities such as developer advances payable, accrued developer advance interest payable, are not due and payable in the current period and, therefore, are not in the funds.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities.

2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities.

SUPPLEMENTAL INFORMATION

Alpensee Water District

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2016

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	113,787	113,787	-
Specific ownership taxes	6,000	5,931	(69)
Interest income	50	332	282
Total Revenues	119,837	120,050	213
EXPENDITURES			
Note principal on 2011 debt	1,196,600	1,196,600	-
Note principal on 2016 debt	-	73,000	(73,000)
Note interest	-	43,259	(43,259)
Payment on Subordinate Debt	46,356	31,477	14,879
Bond issue costs	31,650	33,000	(1,350)
Treasureres fees	5,700	5,701	(1)
Total Expenditures	1,280,306	1,383,037	(102,731)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,160,469)	(1,262,987)	(102,518)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	1,050,000	1,225,000	175,000
Total Other Financing Sources (Uses)	1,050,000	1,225,000	175,000
NET CHANGE IN FUND BALANCE	(110,469)	(37,987)	72,482
FUND BALANCE:			
BEGINNING OF YEAR	111,332	86,860	(24,472)
END OF YEAR	$ 863	$ 48,873	$ 48,010

The notes to the financial statements are an integral part of these statements.