

**HIGH VIEW WATER DISTRICT  
Lakewood, CO**

**FINANCIAL STATEMENTS  
December 31, 2016 and 2015**



**RECEIVED**

*By the Office of the State Auditor at 10:58 am, Jul 13, 2017*

## TABLE OF CONTENTS

<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Statements of Net Position	6
Statements of Revenues, Expenses, and Changes in Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9
<b>SUPPLEMENTAL INFORMATION</b>	
Budgetary Comparison Schedule – Non-GAAP Basis	17

# Green & Associates LLC

Certified Public Accountants & Business Consultants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
High View Water District  
Lakewood, CO

We have audited the accompanying financial statements of the business type activities of High View Water District as of and for the year ended December 31, 2016 and 2015, which collectively comprise the District's basic financial statements as listed in the table of contents and the related notes to the financial statements.

### ***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 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 opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the High View Water District as of December 31, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

119 East Bridge Street, Suite 210  
Brighton, CO 80601

Green & Associates • LLC

PHONE (720) 839-6458  
www.GreenCPAfirm.com

Certified Public Accountants & Business Consultants

**Other-Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise High View Water District's financial statements as a whole. The other supplemental information, Budgetary Comparison Schedule – Non-GAAP Basis, on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.



July 10, 2017  
Brighton, Colorado

## **Management's Discussion and Analysis**

High View Water District  
1002 Kipling Street  
Lakewood, CO 80215  
(303) 233-2182

The High View Water District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District: (b) an overview of the District's financial activities: (c) an explanation of the changes in the District's financial position: (d) an explanatory analysis of the variations of the annual, approved budget: and (e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on the 2016 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 6.

#### **Overview of the Financial Statements of the District**

The audited financial statements of the District are:  
Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, Notes to Financial Statements

These statements are on pages 6 through 17. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 18 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (Net Position). Over time, the comparison of changes in Net Position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses, Non Operating Revenues and Expenses, and Capital Contributions – of the District's annual operating activities and how those activities affected Net Position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating, financing, and investment activities affected the District's cash balances.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

The **Budgetary Comparison Schedule** provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, there will be a comparison of the originally approved budget with the final amended budget.

**Condensed Comparative Financial Information:**  
**Statement of Net Position**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current Assets			
Cash and cash equivalents	\$ 667,245	\$ 759,468	\$ 718,332
Other current assets	225,300	227,591	225,053
	<u>892,545</u>	<u>987,059</u>	<u>943,385</u>
Non Current Assets			
Capital assets – net	\$ 828,520	\$ 842,105	\$ 729,061
Total Assets	<u>1,721,065</u>	<u>1,829,164</u>	<u>1,672,446</u>
Current Liabilities	<u>46,818</u>	<u>232,654</u>	<u>59,960</u>
Total Liabilities	<u>46,818</u>	<u>232,654</u>	<u>59,960</u>
<b>Deferred Inflows of Resources</b>			
Deferred property taxes	<u>9,250</u>	<u>9,096</u>	<u>8,899</u>
Total Deferred Inflows of Resources	<u>9,250</u>	<u>9,096</u>	<u>8,899</u>
Net Position			
Net Investment in capital assets	828,520	842,105	729,061
Restricted	316	316	316
Unrestricted	<u>836,161</u>	<u>744,993</u>	<u>874,210</u>
Total Net Position	<u>\$ 1,664,997</u>	<u>\$ 1,587,414</u>	<u>\$ 1,603,587</u>

**Statement of Revenues, Expenses, and Changes in Net Position**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenues	\$ 1,072,464	\$ 990,985	\$ 933,831
Operating Expenses	<u>1,065,206</u>	<u>1,084,641</u>	<u>952,833</u>
Operating Income (Loss)	<u>7,258</u>	<u>(93,656)</u>	<u>(19,002)</u>
Non Operating Revenues (Expenses)	<u>70,325</u>	<u>77,483</u>	<u>18,381</u>
Change in Net Position	<u>77,583</u>	<u>(16,173)</u>	<u>(621)</u>
Net Position, Beginning of Year	<u>1,587,414</u>	<u>1,603,587</u>	<u>1,604,208</u>
Net Position, End of Year	<u>\$ 1,664,997</u>	<u>\$ 1,587,414</u>	<u>\$ 1,603,587</u>

**Statement of Cash Flows**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash from (for) Operating Activities	\$ (90,199)	\$ 157,943	\$ 63,455
Cash from Non Capital Financing Activities	67,633	76,379	17,421
Cash from (for) Capital and Related Financing Activities	(72,035)	(193,925)	(239,332)
Cash from (for) Investing Activities	2,378	739	442
Increase (Decrease)	<u>(92,223)</u>	<u>41,136</u>	<u>(158,014)</u>
Cash and Cash Equivalents, Beginning of Year	759,468	718,332	876,346
Cash and Cash Equivalents, End of Year	<u>\$ 667,245</u>	<u>\$ 759,468</u>	<u>\$ 718,332</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 6.

**Analysis of Financial Position and Operating Results:**

The total Net Position increased from \$1,587,414 in 2015 to \$1,664,997 in 2016, a difference of \$77,583. The District has a net asset emergency reserve established by the Board of Directors in the amount of \$316.

Cash and cash equivalents for 2016 decreased by \$92,223 due to cash used by operations. Cash and cash equivalents represent approximately 39% of the District's total assets. Net capital assets decreased by \$13,585. See Note 4 of the Notes to Financial Statements on page 15 and 16.

The District Liabilities decreased by \$185,836 in 2016. This change is attributable to an decrease in accounts payable which is influenced by the timing of payments. Operating revenues increased by \$81,479 due to increased usage. Operating expenses decreased by \$19,435 in 2016 due to increased water costs which was offset by decrease employee costs. The income from operations for the year was \$86,398 more than in 2015. Non-operating revenues decreased by \$7,158 in 2016. The change relates primarily to the change in connection fees for the year.

For more information about these changes in Net Position, the operating activities, and cash flows please review the accompanying audited financial statements beginning on page 6.

**Budgetary Discussion:**

Actual revenues were \$102,450 more than the budget primarily due to higher connection and usage charges. Actual expenses were \$724,200 less than budgeted because contingency expenditures were not required. During 2016 the District expended \$72,035 in capital expenditures related to various replacement projects throughout the District. There were no contingency expenditures required during 2016.

**Capital Assets:**

The District has a main line replacement that is currently in process. See previous discussion of capital asset activities during 2016. The District depreciates its infrastructure assets. See Note 1 of Notes to Financial Statements- *Organization and Summary of Significant Accounting Policies-Capital Assets* on page 11 and Note 4 of Notes to Financial Statements – *Capital Assets* on page 15.

**Long-Term Debt:**

The District has no long-term debt.

**Other:**

There are no currently known facts, decisions, or conditions, which are expected to or may likely have a significant effect on the financial condition and results of operation in subsequent reporting periods.

## **Basic Financial Statements**

**High View Water District**  
**Statements of Financial Position**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 667,245	\$ 759,468
Investments	104,832	104,518
Prepaid expenses	9,822	9,824
Accounts receivable-service charges	97,256	98,793
Other receivables	4,140	5,360
Property taxes receivable	9,250	9,096
Total Current Assets	892,545	987,059
<b>Noncurrent Assets</b>		
Capital Assets		
Nondepreciable		
Land	19,105	19,105
Depreciable		
Water distribution system	2,630,310	2,597,341
Building	81,884	81,884
Machinery and equipment	341,573	324,072
Office equipment	14,968	10,414
Vehicle	56,615	39,604
Total Capital Assets	3,144,455	3,072,420
Less: Accumulated depreciation	(2,315,935)	(2,230,315)
Net Capital Assets	828,520	842,105
Total Noncurrent Assets	828,520	842,105
Total Assets	1,721,065	1,829,164
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	39,022	222,283
Accrued expenses	7,796	10,371
Total Current Liabilities	46,818	232,654
<b>Deferred Inflows of Resources</b>		
Deferred property taxes	9,250	9,096
Total Deferred Inflows of Resources	9,250	9,096
<b>Net Position</b>		
Net Investment in capital assets	828,520	842,105
Restricted for emergencies	316	316
Unrestricted	836,161	744,993
Total Net Position	\$ 1,664,997	\$ 1,587,414

The accompanying notes are an integral part of these financial statements

**High View Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Operating Revenues</b>		
Water sales and fees	\$ 1,072,464	\$ 990,985
Total Operating Revenues	1,072,464	990,985
<b>Operating Expenses</b>		
Water purchases	617,404	565,897
Collection and transmission	189,068	263,081
General and administration	173,114	174,782
Depreciation expense	85,620	80,881
Total Operating Expenses	1,065,206	1,084,641
Operating Profit (Loss)	7,258	(93,656)
<b>Nonoperating Revenues (Expenses)</b>		
Property taxes - operations	8,975	8,742
Specific ownership taxes	726	590
Investment income	2,692	1,104
Connection fees	58,064	67,178
County treasurer fees	(132)	(131)
Total Nonoperating Revenues (Expenses)	70,325	77,483
<b>Change in Net Position</b>	77,583	(16,173)
Net Position, beginning of year	1,587,414	1,603,587
Net Position, end of year	\$ 1,664,997	\$ 1,587,414

The accompanying notes are an integral part of these financial statements

**High View Water District**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 1,075,221	\$ 990,125
Cash paid to suppliers	(1,018,049)	(661,739)
Cash paid to employees	(147,371)	(170,443)
Net cash provided (used) by operating activities	(90,199)	157,943
<b>Cash Flows From Non-Capital Financing Activities</b>		
Property and ownership taxes received	9,701	9,332
Fee paid to county treasurer	(132)	(131)
Cash received from connection charges	58,064	67,178
Net cash provided (used) by non-capital financing activities	67,633	76,379
<b>Cash Flows From Capital And Related Financing Activities</b>		
Acquisitions and construction of capital assets	(72,035)	(196,601)
Proceeds from sale of assets	-	2,676
Net cash provided (used) in capital and related financing activities	(72,035)	(193,925)
<b>Cash Flows From Investing Activities</b>		
Investment income received	2,692	1,104
Cash paid for investments	(314)	(365)
Net cash provided (used) by investing activities	2,378	739
<b>Net increase (decrease) in cash and cash equivalents</b>	(92,223)	41,136
Cash and cash equivalents, beginning of year	759,468	718,332
Cash and cash equivalents, end of year	\$ 667,245	\$ 759,468
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Loss	\$ 7,258	\$ (93,656)
Adjustments to reconcile operating loss to cash provided / (used) by operating activities		
Depreciation and amortization	85,620	80,881
Changes in assets and liabilities		
Accounts receivable	1,537	(365)
Other receivables	1,220	(495)
Prepaid expenses	2	(1,116)
Accounts payable	(183,261)	172,144
Other accrued liabilities	(2,575)	550
Net Cash Provided (Used) by Operating Activities	\$ (90,199)	\$ 157,943

The accompanying notes are an integral part of these financial statements

**High View Water District**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**Note 1 Summary of Significant Accounting Policies**

High View Water District (the District) is a quasi-municipal corporation, pursuant to the provisions of the Colorado Special District Act. The District was established to provide water services to its service area located in Jefferson County, Colorado. The District operates under a Board of Directors form of government. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The significant accounting policies utilized are:

**Financial Reporting Entity**

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which is the authoritative body and provides guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. GASB pronouncements set 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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**Basis of Presentation**

Enterprise fund accounting is utilized by the District in accordance with accounting principles generally accepted in the United States of America.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

The District distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**High View Water District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting (continued)**

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establishes standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

**Deferred Outflows / Inflows of Resources**

The District implemented the provisions of GASB No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

**Budgets and Budgetary Accounting**

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the District manager submits the proposed budget to the District Board of Directors.
- Prior to its adoption, the budget is open for inspection by the public.
- After public inspection and consideration of any objections filed, the Board reviews the proposed budget and formally adopts it by resolution.
- At the time of the adoption of the budget, the Board passes an appropriating ordinance giving the District legal authority to spend.
- Prior to December 15, the Board adopts the mill levy.

Budgets are not prepared in accordance with accounting principles generally accepted in the United States of America because they include capital asset expenditures, but do not include depreciation, or accrued vacation and sick leave.

Budgets may be amended during the year by approval of the Board of Directors. Any amendments to the budget are incorporated into the budget in these financial statements. Appropriations lapse at the end of the budget year. The budget was not amended in 2016.

**High View Water District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Property Taxes**

Property taxes attach an enforceable lien on property as of January 1<sup>st</sup>. Taxes are levied on January 1<sup>st</sup> and are payable either in one installment on or before April 30<sup>th</sup>, or in two installments due on or before February 28<sup>th</sup> and June 15<sup>th</sup> of each year. The collections and assessments are done by Jefferson County and are remitted to the District monthly. District property taxes which are due to be paid in the next period, and representing an enforceable lien at January 1<sup>st</sup> of the next year, have been recorded as a receivable and a deferred inflow of resources.

**Revenue Recognition**

Revenues are recognized when earned. Metered water accounts are read and billed once a month on 30 day cycles.

**Assets and Liabilities**

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets - are recorded at cost except for those assets which have been contributed, which are stated at estimated fair market value at the date of contribution or at developer's cost. The capitalization threshold for fixed assets is \$2,000. Depreciation is computed using the straight-line method over the asset's estimated economic useful life. The estimated useful lives are as follows:

Water lines and pump station	25 years
Machinery and equipment	10 years
Office furniture and equipment	5-10 years
Buildings and improvements	25-30 years
Vehicle	10 years

Accrued vacation and sick pay – The District's personnel policy states that employees may earn a total of five to twenty vacation days per year depending on length of service. Employees may carry over a maximum of 40 hours of vacation annually except under special circumstances which must be approved by the Board of Directors. The District accrues a liability for compensated absences, which meets the following criteria:

- The District's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- The obligation relates to rights that vested or accumulate.
- Payment of the compensation is probable, and the amount can be reasonably estimated.

In accordance with the above criteria the District has accrued a liability for vacation pay that has been earned but not used by District employees.

**High View Water District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Net Position**

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” Unrestricted net position is available for future operations or distributions.

The District has established an emergency reserve of \$316 as of December 31, 2016 and 2015, to comply with Article X, Section 20 of the Colorado Constitution that is classified as restricted net position

**Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The District considers certificates of deposit with maturities of more than three months at date of purchase as investments.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 Cash and Investments**

**Cash Deposits**

As of December 31, 2016 and 2015, the District’s cash deposits had a carrying balance of \$181,175 and \$275,770 and a corresponding bank balance of \$187,850 and \$116,166, all of which was insured by the Federal Deposit Insurance Corporation, respectively.

**High View Water District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**Note 2 Cash and Investments (Continued)**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Colorado Divisions of Banking 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.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2016 and 2015, none of the District's bank deposits were exposed to custodial credit risk.

**Investments**

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

At December 31, 2016 and 2015, the District had \$119,930 and \$119,582 invested in COLOTRUST, and \$366,040 and \$364,016, respectively, invested in CSAFE (the Trusts) which are investment vehicles established for government entities in Colorado to pool surplus funds. As an investment pool, the trusts operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner.

The Trust invests in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include US Treasuries, US Agencies, commercial paper, repurchase agreements and bank deposits (collateralized through PDPA) The Trust operates similar to a 2a7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. The Trusts are rated AAA by the

**High View Water District  
Notes to Financial Statements (Continued)  
December 31, 2016 and 2015**

**Note 2 Cash and Investments (Continued)**

**Investments (Continued)**

In accordance with GASB 72 *Certain External Investment Pools and Pool Participants*, the Town 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. The investment pools were valued at amortized cost as of December 31 2016 and 2015.

Standard & Poor's Corporation. Designated custodial banks provide safekeeping and depository services to the Trusts in connection with the direct investment and withdrawal functions of the Trust. Substantially all securities owned by the Trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. At December 31, 2016 and 2015 the District had \$104,518 and \$104,153 invested in certificates of deposit all with maturities of less than one year, respectively. The CD's were not rated.

A summary of cash and cash equivalents at December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Cash on hand	\$ 100	\$ 100
Cash deposits	181,175	275,770
CSAFE	366,040	364,016
COLOTRUST	119,930	119,582
Total cash and cash equivalents	<u>\$ 667,245</u>	<u>\$ 759,468</u>

**Note 3 Accounts Receivable**

Accounts receivable balance at December 31, 2016 and 2015, was comprised of the following:

	<u>2016</u>	<u>2015</u>
Fees for services	\$ 97,256	\$ 98,793
Cash at county treasurer	60	55
Other	4,080	5,305
Less: Allowance for doubtful accounts	<u>-</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 101,396</u>	<u>\$ 104,153</u>
Accounts receivable	97,256	98,793
Other receivables	<u>4,140</u>	<u>5,360</u>
Total per financial statements	<u>\$ 101,396</u>	<u>\$ 104,153</u>

**High View Water District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**Note 4 Capital Assets**

A summary of changes to capital assets for 2016 and 2015 is as follows:

	Balance at 12/31/2015	Additions	Deletions	Balance at 12/31/2016
<b>Nondepreciable</b>				
Land	\$ 19,105	\$ -	\$ -	\$ 19,105
Construction in progress	-	-	-	-
Total Nondepreciable	<u>19,105</u>	<u>-</u>	<u>-</u>	<u>19,105</u>
<b>Depreciable</b>				
Water distribution system	2,597,341	32,969	-	2,630,310
Buildings	81,884	-	-	81,884
Machinery and equipment	324,072	17,501	-	341,573
Office equipment	10,414	4,554	-	14,968
Vehicles	39,604	17,011	-	56,615
Total Depreciable	<u>3,053,315</u>	<u>72,035</u>	<u>-</u>	<u>3,125,350</u>
TOTAL	<u>3,072,420</u>	<u>72,035</u>	<u>-</u>	<u>3,144,455</u>
<b>Less Accumulated Depreciation</b>				
Water distribution system	(1,875,031)	(58,817)	-	(1,933,848)
Buildings	(69,233)	(2,695)	-	(71,928)
Machinery and equipment	(260,244)	(19,630)	-	(279,874)
Office equipment	(7,589)	(1,614)	-	(9,203)
Vehicles	(18,218)	(2,864)	-	(21,082)
Total Accumulated Depreciation	<u>(2,230,315)</u>	<u>(85,620)</u>	<u>-</u>	<u>(2,315,935)</u>
Net Capital Assets	<u>\$ 842,105</u>	<u>\$ (13,585)</u>	<u>\$ -</u>	<u>\$ 828,520</u>

  

	Balance at 12/31/2014	Additions	Deletions	Balance at 12/31/2015
<b>Nondepreciable</b>				
Land	\$ 19,105	\$ -	\$ -	\$ 19,105
Construction in progress	-	-	-	-
Total Nondepreciable	<u>19,105</u>	<u>-</u>	<u>-</u>	<u>19,105</u>
<b>Depreciable</b>				
Water distribution system	2,400,740	196,601	-	2,597,341
Buildings	81,884	-	-	81,884
Machinery and equipment	326,748	-	(2,676)	324,072
Office equipment	10,414	-	-	10,414
Vehicles	39,604	-	-	39,604
Total Depreciable	<u>2,859,390</u>	<u>196,601</u>	<u>(2,676)</u>	<u>3,053,315</u>
TOTAL	<u>2,878,495</u>	<u>196,601</u>	<u>(2,676)</u>	<u>3,072,420</u>
<b>Less Accumulated Depreciation</b>				
Water distribution system	(1,820,341)	(54,690)	-	(1,875,031)
Buildings	(66,538)	(2,695)	-	(69,233)
Machinery and equipment	(240,391)	(19,853)	-	(260,244)
Office equipment	(6,810)	(779)	-	(7,589)
Vehicles	(15,354)	(2,864)	-	(18,218)
Total Accumulated Depreciation	<u>(2,149,434)</u>	<u>(80,881)</u>	<u>-</u>	<u>(2,230,315)</u>
Net Capital Assets	<u>\$ 729,061</u>	<u>\$ 115,720</u>	<u>\$ (2,676)</u>	<u>\$ 842,105</u>

**High View Water District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**Note 5 Retirement Plan**

The District is a member of the Colorado County Officials and Employee Retirement Association (CCOERA), a multi-employer defined contribution retirement plan.

The plan provides that the District match the mandatory eight percent contributions made by each eligible employee. An employee becomes eligible after completion of one year of service with 20 hours per week, or five months a year. Upon termination of employment, the employee is eligible to withdraw the vested account balance. The District made contributions during 2016, 2015 and 2014 of \$5,552, \$11,941 and \$11,371 respectively.

**Note 6 Tax, Spending, and Debt Limitation**

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

The District has created a Water statutory enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution.

**Note 7 Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverage's, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded commercial coverage in any of the last three years.

**Note 8 Reclassifications**

Certain items have been reclassified from the previous year to conform with the presentation of the current years financial statements.

## **Other Supplementary Information**

**High View Water District**  
**Budgetary vs. Actual Comparison - Non GAAP Basis**  
**For the Year Ended December 31, 2016**

	Original and Final Budget	Actual	Variance Over (Under)
<b>Revenues</b>			
Service charges	\$ 987,500	\$ 1,056,627	\$ 69,127
Transfer fees	1,200	1,350	150
On / off charges	300	50	(250)
Connection fees	33,000	58,064	25,064
Backflow inspection	100	200	100
Property taxes	9,096	8,975	(121)
Specific ownership taxes	500	726	226
Interest	900	2,692	1,792
Other	100	6,516	6,416
Late charges	7,775	7,721	(54)
<b>Total Revenues</b>	<u>1,040,471</u>	<u>1,142,921</u>	<u>102,450</u>
<b>Expenses</b>			
Personnel expenses	243,577	201,400	42,177
Water purchases	582,605	617,404	(34,799)
Other collection and transmission expenses	120,435	89,613	30,822
Other general and administrative	82,100	71,169	10,931
County treasurer fees	175	132	43
Capital outlay	11,000	72,035	(61,035)
Contingency	736,061	-	736,061
<b>Total Expenses</b>	<u>1,775,953</u>	<u>1,051,753</u>	<u>724,200</u>
<b>Revenues over (under) Expenditures</b>	<u>\$ (735,482)</u>	<u>91,168</u>	<u>\$ 826,650</u>
<b>Reconciliation to Net Income</b>			
Add Capital Outlay		72,035	
Less Depreciation Expense		(85,620)	
<b>Net Income</b>		<u>\$ 77,583</u>	

See the Independent Auditor's Report