



## Little Thompson Water District

### Financial Statements and Supplementary Information

For the Years Ended December 31, 2016 and 2015

# Little Thompson Water District

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## Independent Auditor's Report

Board of Directors  
Little Thompson Water District  
Berthoud, Colorado

We have audited the accompanying financial statements of the Little Thompson Water 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 Little Thompson Water District as of December 31, 2016 and 2015, and the changes in its financial position and its 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 to 7 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 Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) on pages 25 through 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) is fairly stated in all material respects in relation to the financial statements as a whole.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
April 13, 2017

**Little Thompson Water District  
Management's Discussion and Analysis  
For the Years Ended December 31, 2016 and 2015**

**Introduction**

The discussion and analysis is a narrative and analysis of the financial condition and operating results of Little Thompson Water District ("District"). The water system is owned and operated by the District and it provides domestic water services to properties located in Larimer, Weld, and Boulder Counties.

Management's Discussion and Analysis ("MD&A") is intended to provide the reader and user of our financial statements with:

- an understanding of the financial issues of the District,
- an overview of the District's financial activities,
- an explanation of the changes in the District's financial position,
- an explanatory analysis of the variation of the annual, approved budget, and
- an assessment of any future financial or operating issues of the District.

The MD&A is intended to focus on the 2016 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with the District's basic financial statements (beginning on page 8).

**Financial Highlights 2016 compared to 2015**

- Total operating revenues were \$8,321,380, an increase of \$304,031.
- Total operating expenses were \$7,201,179, an increase of \$642,134.
- Total debt service principal and interest were \$2,612,851 increase of \$40,926.
- Total non-operating revenues and cash capital contributions were \$3,579,958, an increase of \$1,537,526.
- Total capital expenditures, including water right purchases were \$2,417,457, an increase of \$467,423.
- The total revenues on a budgetary basis exceeded the expenses on a budgetary basis by \$1,240,654.
- Principal paid on long term debt was \$2,064,436.
- Long-term debt decreased to \$15,356,454.
- Net capital assets were \$109,573,773, an increase of \$14,888,334.

**Overview of the Financial Statements**

The financial statements included in this annual report are those of a political subdivision of the State of Colorado, governed by Colorado Revised Statutes Title 32 Special District engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements are comprised of two components: 1) the financial statements and 2) notes to financial statements used to explain in more detail some of the information in the financial statements.

**Required Financial Statements**

The District's financial statements report information using accounting methods that conform with U.S. generally accepted accounting principles and similar to those used by private sector. These statements provide both long term and short term information about the District's overall financial status. The audited financial statements and related notes are shown on pages 8 to 24.

**Statements of Net Position** - reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. The statements provide information about the nature and the amounts of investments (assets) and the obligations owed to the District (liabilities). It provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. However, other non-financial factors should be considered, such as changes in economic conditions and the effects of new or changed governmental legislation.

**Little Thompson Water District  
Management's Discussion and Analysis  
For the Years Ended December 31, 2016 and 2015**

**Statements of Revenues, Expenses and Changes in Net Position** - reports the District's operating and non-operating revenues and expenses. Operating expenses include all operational costs of the District including depreciation and impairment loss. Non-operating expenses include the net loss from joint venture and debt interest expense.

**Statements of Cash Flows** - reports the District's cash flows from operating activities, investing, capital and non-capital activities.

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

**Other Supplementary Information**

**Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)** - provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. There was an amendment to the originally adopted 2016 budget. Though this schedule is not required as part of the audited financial statements, it is added for review as other supplementary information.

**Condensed Comparative of Financial Information**

The following tables of condensed comparative financial information offer summaries of the financial information contained in the District's financial statements.

**Condensed Comparative of Financial Information  
Statements of Net Position**

	2016	2015	2014
<b>Assets</b>			
Current Assets	\$ 9,709,844	\$ 8,166,611	\$ 8,115,940
Restricted Assets	1,581,895	1,760,338	1,760,338
Capital Assets, net	109,573,773	94,685,439	93,594,189
Other Assets	3,731,907	3,651,620	3,856,261
<b>Total Assets</b>	<b>124,597,419</b>	<b>108,264,008</b>	<b>107,326,728</b>
<b>Deferred Outflows of Resources</b>			
Unamortized Deferred Loss on Bond Refunding	133,381	241,726	271,997
<b>Liabilities</b>			
Current Liabilities	2,471,338	2,313,671	2,366,766
Long-Term Liabilities	13,486,764	15,604,559	17,665,335
<b>Total Liabilities</b>	<b>15,958,102</b>	<b>17,918,230</b>	<b>20,032,101</b>
<b>Net Position</b>			
Net Investment in Capital Assets	94,321,630	77,464,527	74,412,950
Restricted:			
Bond and Loan Reserves	1,581,895	1,760,338	1,760,338
Unrestricted	12,869,173	11,362,639	11,393,336
<b>Total Net Position</b>	<b>\$ 108,772,698</b>	<b>\$ 90,587,504</b>	<b>\$ 87,566,624</b>

**Little Thompson Water District  
Management's Discussion and Analysis  
For the Years Ended December 31, 2016 and 2015**

**Condensed Comparative of Financial Information  
Statements of Revenues, Expenses and Changes in Net Position**

	2016	2015	2014
<b>Operating Revenues</b>	\$ 8,321,380	\$ 8,017,349	\$ 8,545,450
Less: Operating Expenses	(5,630,376)	(5,040,990)	(4,626,702)
Less: Depreciation	(1,570,803)	(1,518,055)	(1,471,172)
<b>Operating Income</b>	1,120,201	1,458,304	2,447,576
<b>Non-Operating Revenues (Expenses)</b>	(378,364)	(633,334)	(753,394)
<b>Capital Contributions</b>	17,443,357	2,195,910	1,679,650
<b>Change in Net Position</b>	18,185,194	3,020,880	3,373,832
<b>Net Position Beginning of Year</b>	90,587,504	87,566,624	84,192,792
<b>Net Position, End of Year</b>	\$ 108,772,698	\$ 90,587,504	\$ 87,566,624

**Condensed Comparative of Financial Information  
Statements of Cash Flows**

	2016	2015	2014
<b>Cash from Operating Activities</b>	\$ 2,678,434	\$ 3,497,378	\$ 3,552,958
<b>Cash from Non-Capital Financing Activities</b>	99,574	109,183	260,477
<b>Cash from Capital and Related Financing Activities</b>	(1,600,020)	(2,975,110)	(1,919,639)
<b>Cash from Investing Activities</b>	234,804	56,764	419,824
<b>Net Change in Cash and Cash Equivalents</b>	1,412,792	688,215	2,313,620
<b>Cash and Cash Equivalents at Beginning of Year</b>	7,432,659	6,744,444	4,430,824
<b>Cash and Cash Equivalents at End of Year</b>	\$ 8,845,451	\$ 7,432,659	\$ 6,744,444

**Analysis of Financial Position and Operating Results**

Tap sales, including Cash in Lieu were \$3,401,677 or 2% under budget and up \$1,535,402 from 2015.

Capital assets increased by \$14,888,334 in 2016 from 2015, due to more system upgrades, water right purchases, contributed capital and the contribution of \$12,000,000 in Windy Gap Water shares.

Debt decreased by \$2,064,436 due to scheduled principal payments on the 2011 and the 2014 Water Revenue Bonds, and the 2004 and 2006 Loans Payable to Colorado Water Conservation Board ("CWCB"); and the 2006 Loan Payable to the Colorado Water Resource and Power Development Authority ("CWR&PDA").

Operating revenue was \$8,321,380 or 5% over budget due to more water sales than projected.

Earnings on investments were comparable to 2015.

**Little Thompson Water District  
Management's Discussion and Analysis  
For the Years Ended December 31, 2016 and 2015**

**Schedule of Revenues and Expenditures Budget**

**Budget to Actual (Budgetary Basis)  
Year Ended December 31, 2016**

Revenues	Final Budget	Actual	Variance	2015
Operating	\$ 7,948,240	\$ 8,321,380	\$ 373,140	\$ 8,017,349
Non-Operating	737,150	178,281	(558,869)	176,157
Tap Fee/Water Rights	3,491,000	3,401,677	(89,323)	1,866,275
<b>Total Revenues</b>	<b>\$ 12,176,390</b>	<b>\$ 11,901,338</b>	<b>\$ (275,052)</b>	<b>\$ 10,059,781</b>
Distribution	957,500	1,014,516	(57,016)	990,647
Administration and General	675,770	628,035	47,735	589,102
Engineering	42,800	44,154	(1,354)	23,646
Employee Costs	2,445,004	2,454,880	( 9,876)	2,236,639
CLFP & Joint Costs	990,820	1,047,414	(56,594)	801,839
Water Assessments and Rentals	763,265	441,377	321,888	399,117
Debt Service	2,612,850	2,612,851	(1)	2,571,925
Capital Improvements	2,514,525	2,417,457	97,068	1,950,034
<b>Total Expenses</b>	<b>\$ 11,002,534</b>	<b>\$ 10,660,684</b>	<b>\$ 341,850</b>	<b>\$ 9,562,949</b>
<b>Excess (deficiency)</b>	<b>\$ 1,173,856</b>	<b>\$ 1,240,654</b>	<b>\$ 66,798</b>	<b>\$ 496,832</b>

Total revenue was less than budgeted by \$275,052.

Total expenditures, including capital expenses, were less than budgeted by \$341,580 and \$1,097,735 more than in 2015.

Additional explanations to follow:

- Distribution costs increased by \$23,869; primarily due to increased system repairs and maintenance.
- Administration and general expense increased by \$38,933 mainly due an increase in professional fees, public relations costs, and service consulting contracts.
- Engineering expenses increased by \$20,508 due to more focus on water consulting and more mapping related expenses.
- Employee costs increased by \$218,241 because of change and overlap in key positions in the organization.
- Carter Lake Filter Plant and Dry Creek Reservoir joint operations increased by \$245,575 because of additional water treatment costs.
- The District's debt was \$15,356,454 and \$17,420,890 in 2016 and 2015, respectively. The decrease was due to scheduled payments of \$2,064,436 of principal on this debt. Further debt information is available in the notes (see pages 20-21).
- Total capital expenditures were \$97,068 less than budgeted and \$467,423 more than in 2015 mainly due to more capital projects and more water right purchases.

**Little Thompson Water District  
Management's Discussion and Analysis  
For the Years Ended December 31, 2016 and 2015**

**Major additions in 2016:**

We sold 136 taps for a total of \$2,509,800. The District acquired by purchase 28 units of C-BT Water for \$725,000. We received \$102,000 for Tap Installation Revenue and we expended \$85,000 on new tap installations. The District shared in the cost of upgrades to Carter Lake North and South Filter Plants for a cost of \$140,000. We spent \$117,000 in vehicle replacements and Equipment purchases. We completed several water line upgrade projects for a total of \$618,000.

**Contracts and Agreements**

The District is party to several contracts and cooperative agreements concerning the transfer and sale of water and providing emergency assistance as requested. The District has agreements with the cities of Loveland, Johnstown, Berthoud, and Greeley, and the Central Weld County, Fort Collins/Loveland, Long's Peak, and North Carter Lake Water Districts.

**Economic and Other Factors**

Overall, retail water revenues increased in 2016 because of a warmer summer resulting in more outdoor water usage. Our tap sales increased and were more than budgeted. District management utilizes a forecasting program to develop rates and fees that will ensure the District remains a financially sound entity. There was a small amount of growth throughout the District and in Larimer, Weld, and Boulder counties in 2016. Operating expenses have increased because of a conscious decision to be proactive with more repairs and maintenance of our system. More was allocated to system maintenance and general administration for computers system upgrades and contracted services. We spent significantly more in 2016 on capital projects and we purchased more water rights than in 2015.

The annual rate and extent of future growth and development within the District will be materially affected by management, zoning and land use procedures and policies established by Larimer, Weld, and Boulder Counties. Each of these governmental entities control growth in the areas under their governments and the policies and procedures are outside the control or influence of the District.

**Financial Contact**

The District's financial statements are designed to present users (customers, citizens, creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information please contact the District Business Manager, Little Thompson Water District, 835 E. Hwy. 56, Berthoud, CO 80513 or at (970)532-2096.

## Basic Financial Statements

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# Little Thompson Water District

## Statements of Net Position

December 31,	2016	2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 8,845,451	\$ 7,432,659
Receivables	661,055	538,457
Prepaid items	23,156	21,726
Inventory - supplies	180,182	173,769
Total current assets	9,709,844	8,166,611
<b>Non-current assets</b>		
<b>Restricted assets</b>		
Cash and cash equivalents	1,581,895	1,760,338
<b>Capital assets</b>		
Distribution system	61,824,319	59,153,943
Carter Lake Filter Plant improvements	9,076,405	8,947,992
Dry Creek reservoir dam	7,432,221	7,432,221
Buildings and improvements	692,950	649,606
Vehicles and equipment	1,462,980	1,486,017
Intangible assets	157,481	157,481
Total depreciable assets	80,646,356	77,827,260
Less: accumulated depreciation	(26,760,692)	(25,329,871)
Total depreciable assets, net	53,885,664	52,497,389
Land, easements and reservoir	7,322,437	7,322,437
Water rights	47,536,981	34,791,143
Construction in progress	828,691	74,470
Total capital assets, net	109,573,773	94,685,439
<b>Other assets</b>		
Investment in joint venture	3,731,907	3,651,620
<b>Total non-current assets</b>	<b>114,887,575</b>	<b>100,097,397</b>
<b>Total assets</b>	<b>124,597,419</b>	<b>108,264,008</b>
<b>Deferred outflows of resources</b>		
Unamortized deferred loss on refunding bonds	133,381	241,726
<b>Total deferred outflows of resources</b>	<b>133,381</b>	<b>241,726</b>

*(Continued)*

**Little Thompson Water District**  
**Statements of Net Position**  
**(Continued)**

<i>December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current portion of bonds and notes payable	2,105,653	2,064,435
Accounts payable	246,041	139,831
Accrued wages payable	42,601	25,212
Accrued interest expense	77,043	84,193
<b>Total current liabilities</b>	<b>2,471,338</b>	<b>2,313,671</b>
<b>Non-current liabilities</b>		
Accrued compensated absences	206,893	206,356
Bonds and notes payable, net of current portion	13,279,871	15,398,203
<b>Total non-current liabilities</b>	<b>13,486,764</b>	<b>15,604,559</b>
<b>Total liabilities</b>	<b>15,958,102</b>	<b>17,918,230</b>
<b>Net position</b>		
Net investment in capital assets	94,321,630	77,464,527
Restricted:		
Debt service and loan reserves	1,581,895	1,760,338
Unrestricted	12,869,173	11,362,639
<b>Total net position</b>	<b>\$ 108,772,698</b>	<b>\$ 90,587,504</b>

*The accompanying notes are an integral part of the financial statements.*

# Little Thompson Water District

## Statements of Revenues, Expenses and Changes in Net Position

<i>For the years ended December 31,</i>	2016	2015
<b>Operating revenues</b>		
Water sales - treated	\$ 8,243,523	\$ 7,953,260
Service and other revenue	77,857	64,089
<b>Total operating revenues</b>	<b>8,321,380</b>	<b>8,017,349</b>
<b>Operating expenses</b>		
Distribution	1,014,516	990,647
Administration and general	628,035	589,102
Engineering	44,154	23,646
Employee costs	2,454,880	2,236,639
Carter Lake Filter Plant and Dry Creek Reservoir operating expenses	1,047,414	801,839
Water assessments and rentals	441,377	399,117
Depreciation	1,570,803	1,518,055
<b>Total operating expenses</b>	<b>7,201,179</b>	<b>6,559,045</b>
<b>Operating income</b>	<b>1,120,201</b>	<b>1,458,304</b>
<b>Nonoperating revenues (expenses)</b>		
Grant revenue	6,265	62,661
Earnings on investments	56,361	56,764
Gain on sale of capital assets	28,611	10,210
Miscellaneous	87,044	46,522
Equity in net income (loss) from joint venture	80,287	(204,641)
Interest expense	(636,932)	(604,850)
<b>Total nonoperating revenues (expenses)</b>	<b>(378,364)</b>	<b>(633,334)</b>
<b>Net income before contributions</b>	<b>741,837</b>	<b>824,970</b>
<b>Capital contributions</b>	<b>17,443,357</b>	<b>2,195,910</b>
<b>Change in net position</b>	<b>18,185,194</b>	<b>3,020,880</b>
Net position at beginning of year	90,587,504	87,566,624
<b>Net position at end of year</b>	<b>\$ 108,772,698</b>	<b>\$ 90,587,504</b>

*The accompanying notes are an integral part of the financial statements.*

# Little Thompson Water District

## Statements of Cash Flows

<i>For the years ended December 31,</i>	2016	2015
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 8,198,782	\$ 8,531,667
Cash paid to suppliers	(3,077,129)	(2,841,098)
Cash paid to employees	(2,436,954)	(2,193,191)
<b>Net cash flows from operating activities</b>	<b>2,684,699</b>	<b>3,497,378</b>
<b>Cash flows from noncapital financing activities:</b>		
Other nonoperating revenues	87,044	46,522
Federal and state grant revenue	6,265	62,661
<b>Net cash flows from noncapital financing activities</b>	<b>93,309</b>	<b>109,183</b>
<b>Cash flows from capital and related financing activities:</b>		
Contributed capital	3,401,677	1,866,275
Proceeds from sale of capital assets	28,611	10,210
Acquisition and construction of capital assets	(2,417,457)	(2,279,669)
Principal paid on long-term debt	(2,064,436)	(1,976,020)
Interest paid	(548,415)	(595,906)
<b>Net cash flows from capital and related financing activities</b>	<b>(1,600,020)</b>	<b>(2,975,110)</b>
<b>Cash flows from investing activities:</b>		
Earnings on investments	56,361	56,764
Net change in cash and cash equivalents restricted for debt service and loan reserves	178,443	-
<b>Net cash flows from investing activities</b>	<b>234,804</b>	<b>56,764</b>
<b>Net change in cash and cash equivalents</b>	<b>1,412,792</b>	<b>688,215</b>
Cash and cash equivalents at beginning of year	7,432,659	6,744,444
<b>Cash and cash equivalents at end of year</b>	<b>\$ 8,845,451</b>	<b>\$ 7,432,659</b>

*(Continued)*

**Little Thompson Water District**  
**Statements of Cash Flows**  
**(Continued)**

<i>For the years ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>		
Operating income	\$ 1,120,201	\$ 1,458,304
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	1,570,803	1,518,055
Changes in operating assets and liabilities:		
Receivables	(122,598)	514,318
Prepaid items	(1,430)	1,793
Inventory	(6,413)	121,433
Accounts payable	106,210	(159,973)
Accrued wages payable	17,389	25,212
Accrued compensated absences	537	18,236
<b>Net cash flows from operating activities</b>	<b>\$ 2,684,699</b>	<b>\$ 3,497,378</b>
<b>Noncash investing, capital and financing activities:</b>		
Net income (loss) from joint venture	\$ 80,287	\$ (204,641)
Capital assets acquired with contributed capital	\$ 14,041,680	\$ 329,636
Amortization of bond premiums	\$ 12,677	\$ 14,578
Amortization of deferred loss on refunding	\$ (108,345)	\$ (30,271)

*The accompanying notes are an integral part of the financial statements.*

**Little Thompson Water District**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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## **1. Summary of Significant Accounting Policies**

### ***Form of Organization***

The Little Thompson Water 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.

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 principles. The more significant of the District’s accounting policies are described below.

### ***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 board, and either, a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government

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***

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into net investment in capital assets, restricted for debt service and loan reserves, and unrestricted net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decrease (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.

### ***Budgets and Budgetary Accounting***

An annual budget and appropriation resolution is adopted by the Board of Directors (the “Board”) in accordance with state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues.

**Little Thompson Water District**  
**Notes to Financial Statements**  
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The budget process timeline is as follows:

1. On or about October 15, the District staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular Board meetings to obtain taxpayer comments.
3. Prior to December 15, the budget is legally adopted by the Board.
4. Unused appropriations lapse at the end of each year.

The following is a summary of the original budget, total revisions, and revised budget for fiscal year 2016:

	Original Budget	Total Revisions	Revised Budget
Enterprise fund expenses	\$ 10,477,534	\$ 525,000	\$ 11,002,534

***Cash and Cash Equivalents***

The District considers all highly liquid investments with original maturities of three months or less which are available for operating expenditures to be cash equivalents.

***Allowance for Doubtful Accounts***

The District's receivables are due from commercial and residential customers within the District service area. The District's policy for collections is limited to the right to discontinue service and to place liens on property. The District has determined that no allowance is necessary at December 31, 2016 or 2015, based on historical collection experience.

***Revenue Recognition***

Revenues are recognized when earned. Metered water accounts are read and billed three times a month on 30 day cycles. Unbilled water charges are accrued for the period from the last meter reading through year-end and are included in receivables. Unbilled accounts receivable, included in receivables, amounted to \$137,161 and \$137,370, at December 31, 2016 and 2015, in the accompanying statements of net position, respectively.

***Inventories***

Inventories, consisting primarily of operating supplies for water meter repair and installation, have been valued at cost, using the average cost method of accounting.

***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 or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed. The District's intangible assets are software which is being amortized over its estimated useful life as shown below.

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Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Description	Estimated Lives
Water rights	N/A
Land, easements, and Dry Creek Reservoir	N/A
Construction in progress	N/A
Distribution system	20 - 50 years
Carter Lake Filter Plant improvements	50 years
Dry Creek Reservoir Dam	100 years
Buildings and improvements	20 - 50 years
Vehicles and equipment	5 - 10 years
Intangible assets - software	5 - 10 years

***Joint Venture***

The District is a participant with Central Weld County Water District (“CWCWD”), in a joint venture to operate Carter Lake Filter Plant (the “Plant”), the filter plant from which the District and CWCWD purchase 100% of their water. The Plant is governed by a six-member board of directors composed of three appointees from the District and three from CWCWD. The District and CWCWD are each charged for their respective share of the water purchased from the Plant, and may be assessed for capital improvements made at the Plant on a periodic basis. Beginning in 2008, the District and CWCWD revised the joint venture agreement in order to change the way that major improvements to the Plant are funded. Major capital improvements to the Plant are no longer funded by the Plant, with assessments issued to each district; but rather, they are funded by the individual districts independently, and included in each of the district’s capital assets. As such, the depreciation expense for these assets has also been reflected in the financial statements of the District and CWCWD. The District’s net investment and its share of the operating results of the District are reported in the accompanying statements of net position, and revenues, expenses and changes in net position. The District’s equity interest in the Plant was \$3,731,907 and \$3,651,620 at December 31, 2016 and 2015, respectively. Complete financial statements for the Plant may be obtained from the Plant’s administrative office at 7100 W. County Road 8-E, Berthoud, Colorado 80521.

***Debt Issuance Costs***

Debt issuance costs are recognized as an expense during the period of issuance.

***Debt Related Deferrals***

Premiums and discounts and losses on refunding are deferred and amortized to interest expense over the life of the debt using the effective interest method. The net premiums and discounts are presented as an adjustment to the face amount of the debt. Deferred losses on refunding are reflected as a deferred outflow of resources in the accompanying statements of net position.

***Accrued Compensated Absences Payable***

Obligations associated with the District’s vacation policy are recorded as a liability and expense when earned to the extent that such benefits vest to the employee. The amount of the accrued and unpaid balance due under this policy is considered a long-term liability.

**Little Thompson Water District**  
**Notes to Financial Statements**  
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***Contributions in Aid of Construction***

Contributions of cash, transmission lines and water rights to the District by developers, customers or by agreements with others are treated as capital contributions on the District's statement of revenues, expenses and changes in net position.

***Net Position***

Net position is classified in the following categories:

***Net Investment in Capital Assets*** - This category groups all capital assets into one component of net position. Accumulated depreciation of these assets and related debt balances reduce this category.

***Restricted Net Position*** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restriction 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.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP 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 assets and liabilities at the date of the financial statements and the reported amounts of revenues and 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, 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 \$10,426,946 and \$9,192,597, respectively. The bank balances with the financial institution were \$10,802,808 and \$9,355,307, respectively. Of these amounts, \$250,000 was covered by federal depository insurance. The remaining balances of \$10,552,808 and \$9,105,307, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

**Little Thompson Water District**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which special districts may invest which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

District policy is to match maturity of investments with cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than three (3) years from the date of purchase or in accordance with state and local statutes and ordinances.

**Interest Rate Risk**

The District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, the District adheres to state statutes. Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase.

At December 31, 2016 and 2015, the District had cash balances as follows (includes restricted cash):

	2016	2015
Cash on hand	\$ 400	\$ 400
Bank deposits	10,426,946	9,192,597
<b>Total</b>	<b>\$ 10,427,346</b>	<b>\$ 9,192,997</b>

Cash balances are reflected on the statement of net position at December 31, 2016 and 2015, as follows:

	2016	2015
Cash and cash equivalents	\$ 8,845,451	\$ 7,432,659
Restricted cash and cash equivalents	1,581,895	1,760,338
<b>Total</b>	<b>\$ 10,427,346</b>	<b>\$ 9,192,997</b>

**3. Restricted Assets**

Amounts shown as restricted cash and cash equivalents have been restricted by bond indentures to be used for specified purposes. The balance restricted as of December 31, 2016 and 2015, was \$1,581,895 and \$1,760,338, respectively.

**Little Thompson Water District**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**4. Receivables**

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

	2016	2015
Water service	\$ 402,494	\$ 369,041
Unbilled accounts receivable	137,161	137,370
Miscellaneous	121,400	32,046
<b>Total</b>	<b>\$ 661,055</b>	<b>\$ 538,457</b>

**5. Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Water rights	\$ 34,791,143	\$ 12,745,838	\$ -	\$ 47,536,981
Land and easements	1,028,821	-	-	1,028,821
Dry Creek Reservoir	6,293,616	-	-	6,293,616
Construction in progress	74,470	786,691	(32,470)	828,691
<b>Total capital assets, not being depreciated</b>	<b>42,188,050</b>	<b>13,532,529</b>	<b>(32,470)</b>	<b>55,688,109</b>
<b>Capital assets, being depreciated:</b>				
Distribution system	59,153,943	2,670,376	-	61,824,319
Carter Lake Filter Plant improvements	8,947,992	128,413	-	9,076,405
Dry Creek Reservoir Dam	7,432,221	-	-	7,432,221
Buildings and improvements	649,606	43,344	-	692,950
Vehicles and equipment	1,486,017	116,945	(139,982)	1,462,980
Intangible assets	157,481	-	-	157,481
<b>Total capital assets, being depreciated</b>	<b>77,827,260</b>	<b>2,959,078</b>	<b>(139,982)</b>	<b>80,646,356</b>
<b>Less accumulated depreciation for:</b>				
Distribution system	(22,095,958)	(1,162,858)	-	(23,258,816)
Carter Lake Filter Plant improvements	(1,195,932)	(186,033)	-	(1,381,965)
Dry Creek Reservoir Dam	(520,256)	(74,322)	-	(594,578)
Buildings and improvements	(355,862)	(21,339)	-	(377,201)
Vehicles and equipment	(1,113,182)	(110,503)	139,982	(1,083,703)
Intangible assets	(48,681)	(15,748)	-	(64,429)
<b>Total accumulated depreciation</b>	<b>(25,329,871)</b>	<b>(1,570,803)</b>	<b>139,982</b>	<b>(26,760,692)</b>
<b>Total capital assets, being depreciated, net</b>	<b>52,497,389</b>	<b>1,388,275</b>	<b>-</b>	<b>53,885,664</b>
<b>Total capital assets, net</b>	<b>\$ 94,685,439</b>	<b>\$ 14,920,804</b>	<b>\$ (32,470)</b>	<b>\$ 109,573,773</b>

**Little Thompson Water District**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Water rights	\$33,767,823	\$ 1,023,320	\$ -	\$34,791,143
Land and easements	1,028,821	-	-	1,028,821
Dry Creek Reservoir	6,293,616	-	-	6,293,616
Construction in progress	82,739	27,370	(35,639)	74,470
<b>Total capital assets, not being depreciated</b>	<b>41,172,999</b>	<b>1,050,690</b>	<b>(35,639)</b>	<b>42,188,050</b>
<b>Capital assets, being depreciated:</b>				
Distribution system	57,842,917	1,311,026	-	59,153,943
Carter Lake Filter Plant improvements	8,846,794	101,198	-	8,947,992
Dry Creek Reservoir Dam	7,432,221	-	-	7,432,221
Buildings and improvements	649,606	-	-	649,606
Vehicles and equipment	1,414,427	182,030	(110,440)	1,486,017
Intangible assets	157,481	-	-	157,481
<b>Total capital assets, being depreciated</b>	<b>76,343,446</b>	<b>1,594,254</b>	<b>(110,440)</b>	<b>77,827,260</b>
<b>Less accumulated depreciation for:</b>				
Distribution system	(20,984,785)	(1,111,173)	-	(22,095,958)
Carter Lake Filter Plant improvements	(1,008,324)	(187,608)	-	(1,195,932)
Dry Creek Reservoir Dam	(445,934)	(74,322)	-	(520,256)
Buildings and improvements	(333,739)	(22,123)	-	(355,862)
Vehicles and equipment	(1,116,542)	(107,080)	110,440	(1,113,182)
Intangible assets	(32,932)	(15,749)	-	(48,681)
<b>Total accumulated depreciation</b>	<b>(23,922,256)</b>	<b>(1,518,055)</b>	<b>110,440</b>	<b>(25,329,871)</b>
<b>Total capital assets, being depreciated, net</b>	<b>52,421,190</b>	<b>76,199</b>	<b>-</b>	<b>52,497,389</b>
<b>Total capital assets, net</b>	<b>\$93,594,189</b>	<b>\$ 1,126,889</b>	<b>\$ (35,639)</b>	<b>\$94,685,439</b>

**Little Thompson Water District**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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**6. Long-Term Debt**

A summary of the District's long-term debt as of December 31, 2016 and 2015, is as follows:

	2016	2015
<b>Revenue Bonds</b>		
\$5,500,000 October 19, 2011, water revenue refunding bonds, Series 2011 due in principal installments of \$585,000 in 2015 with additional increases through 2021; interest at 3.0% to 4.0%. The bonds are special revenue obligations of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. Accrued interest on these bonds is \$7,867 and \$9,205 at December 31, 2016 and 2015, respectively.	\$ 2,585,000	\$ 3,200,000
\$4,905,000 December 15, 2014, water revenue refunding bonds, Series 2014 due in principal installments of \$705,000 in 2015 with increases through 2020; interest at 1.65%. The bonds are special revenue obligations of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. Accrued interest on these bonds is \$2,503 and \$3,038 at December 31, 2016 and 2015, respectively.	3,460,000	4,200,000
<b>Loans Payable</b>		
\$3,937,500 December 1, 2004, loan payable to the Colorado Water Conservation Board ("CWCB") due in principal installments of \$173,685 in 2015 with additional increases through October 1, 2027, interest at 4.05%. Revenues of the District are pledged in an amount sufficient to pay the annual amounts due under the loan contract. Accrued interest payable is \$26,535 and \$27,498 at December 31, 2016 and 2015, respectively.	2,542,546	2,723,266

**Little Thompson Water District**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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\$6,383,774 April 1, 2006, Colorado Water Resource and Power Development Authority (“CWR&PDA”) Loan due in principal installments of \$288,407 in 2015 with additional increases through June 1, 2027, interest at 3.65%. The loan is a special revenue obligation of the District, payable from water rates, fees, standby charges and other charges from the use and operation of the system and from other funds of the system legally available after the payment of operations and maintenance expenses of the system. Accrued interest on this loan is \$10,782 and \$11,672 at December 31, 2016 and 2015, respectively.

**3,593,993**      3,890,719

\$4,994,955 February 21, 2006, loan payable to the CWCB, due in principal installments of \$223,928 in 2015 with additional increases through October 1, 2027, interest at 3.60%. Revenues of the District are pledged in an amount sufficient to pay the annual amounts due under the loan contract. Accrued interest payable is \$29,356 and \$32,780 at December 31, 2016 and 2015, respectively.

**3,174,915**      3,406,905

**Total Bonds and Loans Payable**

**\$ 15,356,454**      \$ 17,420,890

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A summary of changes in debt is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Revenue Bonds</b>					
2011	\$ 3,200,000	\$ -	\$ (615,000)	\$ 2,585,000	\$ 630,000
2014	4,200,000	-	(740,000)	3,460,000	745,000
<b>Loans Payable</b>					
2004 CWCB	2,723,267	-	(180,720)	2,542,547	188,039
2006 CWCB	3,406,905	-	(231,989)	3,174,916	240,341
2006 CWR&PDA	3,890,718	-	(296,727)	3,593,991	302,273
<b>Compensated Absences</b>	206,356	250,281	(244,016)	212,621	-
<b>Total</b>	<b>\$ 17,627,246</b>	<b>\$ 250,281</b>	<b>\$ (2,308,452)</b>	<b>\$ 15,569,075</b>	<b>\$ 2,105,653</b>
Current portion of long term debt	(2,064,435)			(2,105,653)	
Net bond premiums	41,747	-	(12,677)	29,070	
Noncurrent portion of long term debt	\$ 15,604,558			\$ 13,492,492	

**Little Thompson Water District**  
**Notes to Financial Statements**  
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The annual requirements to amortize all debt outstanding as of December 31, 2016, are as follows:

Year Ending December 31,	Annual Maturities	Interest	Total Payment
2017	\$ 2,105,653	\$ 494,036	\$ 2,599,689
2018	2,160,240	439,066	2,599,306
2019	2,220,447	381,928	2,602,375
2020	2,303,525	321,748	2,625,273
2021	1,152,271	264,539	1,416,810
2022 - 2026	4,587,106	764,788	5,351,894
2027	827,212	34,675	861,887
<b>Totals</b>	<b>\$ 15,356,454</b>	<b>\$ 2,700,780</b>	<b>\$ 18,057,234</b>

*Defeased Bond Issues* - As a result of in-substance defeasance transactions, the following outstanding revenue bond issues are not shown on the statement of net position at December 31, 2016 and 2015:

	2016	2015
Series 2000 Water Revenue Bonds	\$ 3,635,000	\$ 4,335,000
Series 2002 Water Revenue Bonds	1,580,000	1,860,000
Series 2004 Water Revenue Bonds	3,485,000	4,185,000
<b>Total</b>	<b>\$ 8,700,000</b>	<b>\$ 10,380,000</b>

## 7. Rate Maintenance

The District's 2006 loan agreement with the CWR&PDA requires the District to establish, levy, and collect rents, rates, and other charges for the products and services provided by the system in an amount sufficient to (1) meet the operation and maintenance expenses of the system, (2) to comply with all covenants in the loan resolution, and (3) pay at least 100% of the debt service on all indebtedness or 110% of such debt service if connection fees are included as a source of repayment.

2016 principal paid	\$ 296,727
2016 interest paid	138,849
Subtotal	435,576
	x 110%
<b>Required net revenue as defined in 2006 loan resolution</b>	<b>\$ 479,134</b>

The 2014 bond resolution requires the District to establish, maintain, enforce, and collect rates, fees, District investment fees, availability fees, tolls, and charges for services furnished by or from the use of the system to generate gross revenue each fiscal year sufficient to pay operation and maintenance expenses, as defined, and to create Net Revenue, as defined, in an amount equal to not less than 125% of the amount necessary to pay when due, the principal of and interest on the First Lien Bond, the Bonds, and any Parity Lien Bonds, as defined, coming due during such fiscal year.

**Little Thompson Water District**  
**Notes to Financial Statements**  
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2016 principal paid	\$	740,000
2016 interest paid		69,300
Subtotal		809,300
	x	125%
<b>Required net revenue as defined in 2014 bond resolution</b>	<b>\$</b>	<b>1,011,625</b>

The following calculation shows the District's compliance with these bond and loan agreements:

<b>Net revenue as defined in 2006 Loan and 2014 Bond Agreement</b>		
Operating revenues	\$	8,321,380
Tap fees/water rights		3,401,677
Subtotal		11,723,057
Operating expenses (excluding depreciation expense)		(5,630,376)
<b>Net revenue as defined in 2006 bond and 2014 bond resolution</b>	<b>\$</b>	<b>6,092,681</b>

## 8. Pension Plan

The District has adopted a defined contribution pension plan administered by Colorado County Officials and Employees Retirement Association ("CCOERA") which provides pension benefits for all full time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The covered payroll was \$1,610,925 and \$1,459,238 for the years ended December 31, 2016 and 2015, respectively. All employees are eligible to participate in the plan after they have been employed for one year and worked for a minimum 32 hours per week or 1,000 hours per year.

The District and its employees each contribute an amount equal to 5% of the employees' annual base salary or wage. Employees become vested in District contributions at the rate of 20% per year and are fully vested after five years.

The District contributed \$80,546 and \$72,329 to the plan for covered employees during the years ended December 31, 2016 and 2015, respectively.

## 9. 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 disasters.

The District carries commercial insurance covering specific and general risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

**Little Thompson Water District**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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## **10. 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 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 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 or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District is an enterprise fund and has no TABOR revenues and therefore has not set aside any monies for emergencies as defined by TABOR.

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.

## **11. Subsequent Events**

On March 14, 2017, the District issued a Water Revenue Note, Series 2017, totaling \$5.9 million to refund the two CWCB loans outstanding. The new loan is payable from 2017 to 2027 with an interest rate of 2.36%.

The District evaluated subsequent events through April 13, 2017, the date these financial statements were available to be issued. There were no other material subsequent events that require recognition or additional disclosure.

## Supplementary Information

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# Little Thompson Water District

## Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

<i>For the years ended December 31,</i>	2016			2015	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual
	Original	Final	Budget Basis	Positive (Negative)	Budget Basis
<b>Revenues</b>					
Operating revenues:					
Water sales	\$ 6,828,671	\$ 7,828,671	\$ 8,140,794	\$ 312,123	\$ 7,846,977
Tap installation	83,525	83,525	102,729	19,204	106,283
Miscellaneous	36,044	36,044	77,857	41,813	64,089
Total operating revenues	6,948,240	7,948,240	8,321,380	373,140	8,017,349
Non-operating revenues:					
Earnings on investments	60,000	60,000	56,361	(3,639)	56,764
Miscellaneous	369,150	369,150	87,044	(282,106)	46,522
Windy Gap Firming Revenue	300,000	300,000	-	(300,000)	-
Grant revenue	-	-	6,265	6,265	62,661
Proceeds from sale of capital assets	8,000	8,000	28,611	20,611	10,210
Total non-operating revenues	737,150	737,150	178,281	(558,869)	176,157
Contributions:					
Tap fees/water rights	2,641,000	3,491,000	3,401,677	(89,323)	1,866,274
Total revenues	10,326,390	12,176,390	11,901,338	(275,052)	10,059,780
<b>Expenditures</b>					
Distribution:					
Maintenance and operation	676,700	876,700	921,592	(44,892)	891,959
Pump station expense	-	-	-	-	2,666
Vehicle expense	63,200	63,200	59,176	4,024	58,320
Water quality	17,600	17,600	33,748	(16,148)	37,702
Total distribution	757,500	957,500	1,014,516	(57,016)	990,647

*Continued.*

**Little Thompson Water District**  
**Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)**

<i>For the years ended December 31,</i>	2016				2015
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)	Amounts Budget Basis
Administration and general:					
Building and grounds expense	54,105	141,605	58,263	83,342	50,644
Computer expense	83,000	85,500	90,982	(5,482)	116,968
Farm Expense	2,000	2,000	1,090	910	1,000
Insurance	82,700	82,700	97,292	(14,592)	85,193
Memberships	9,525	9,525	13,306	(3,781)	14,276
Miscellaneous	-	-	14,967	(14,967)	5,956
Office service contracts	129,940	129,940	129,001	939	117,743
Office expense	52,000	62,000	67,172	(5,172)	62,379
Professional fees	41,250	48,750	42,594	6,156	40,126
Public relations	22,500	35,000	33,016	1,984	14,417
Safety and training expense	31,550	36,550	35,126	1,424	36,376
Telephone and communications	30,000	30,000	33,855	(3,855)	32,402
Uniforms	12,200	12,200	11,371	829	11,622
<b>Total administration and general</b>	<b>550,770</b>	<b>675,770</b>	<b>628,035</b>	<b>47,735</b>	<b>589,102</b>
Engineering:					
Engineering/CAD/professional fees	9,500	9,500	18,203	(8,703)	68
Mapping and updates	10,500	10,500	1,031	9,469	11,910
Water conservation	20,000	20,000	22,205	(2,205)	10,346
Soil rebates	-	-	1,000	(1,000)	-
Landscaping incentives	-	-	250	(250)	-
Engineering department expenses	2,800	2,800	1,465	1,335	1,322
<b>Total engineering</b>	<b>42,800</b>	<b>42,800</b>	<b>44,154</b>	<b>(1,354)</b>	<b>23,646</b>

*Continued.*

**Little Thompson Water District**  
**Schedule of Expenditures and Expenditures - Budget and Actual (Budgetary Basis)**

<i>For the years ended December 31,</i>	2016				2015
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)	Amounts Budget Basis
Administration	713,148	1,038,148	765,340	272,808	663,297
Board	12,057	12,057	9,513	2,544	9,067
Distribution	965,275	965,275	1,035,231	(69,956)	986,289
Engineering	429,524	429,524	644,796	(215,272)	577,986
Total employee costs	2,120,004	2,445,004	2,454,880	(9,876)	2,236,639
Carter Lake Filter Plant and Dry Creek Reservoir joint operating costs:					
Filter plant operating expense	670,500	960,500	1,024,466	(63,966)	774,486
Dry Creek reservoir operating expense	30,320	30,320	22,948	7,372	27,353
Total Carter Lake Filter Plant and Dry Creek Reservoir joint operating costs	700,820	990,820	1,047,414	(56,594)	801,839
Water assessments and rentals:					
Purchased water expense	763,265	763,265	441,377	321,888	399,117
Total water assessments and rentals	763,265	763,265	441,377	321,888	399,117
Debt service:					
Principal retired	2,064,436	2,064,436	2,064,436	-	1,976,020
Interest	548,414	548,414	548,415	(1)	595,905
Total debt service	2,612,850	2,612,850	2,612,851	(1)	2,571,925
Capital improvement:					
Plant and equipment	2,929,525	2,514,525	2,417,457	97,068	1,950,033
Total capital improvement	2,929,525	2,514,525	2,417,457	97,068	1,950,033

*Continued.*

**Little Thompson Water District**  
**Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)**

<i>For the years ended December 31,</i>			2016		2015
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)	Amounts Budget Basis
Total expenditures	10,477,534	11,002,534	10,660,684	341,850	9,562,948
Excess (deficiency) of budgeted revenues over budgeted expenditures	\$ (151,144)	\$ 1,173,856	1,240,654	\$ 66,798	496,832
<b>Reconciling items to GAAP basis</b>					
Capital improvements			2,417,457		1,950,033
Principal paid on debt			2,064,436		1,976,020
Depreciation			(1,570,803)		(1,518,055)
Contributed capital assets			14,041,680		329,636
Joint venture income (loss)			80,287		(204,641)
Change in accrued interest expense			7,150		6,748
Amortization of deferred loss and premiums on refunding bonds			(95,667)		(15,693)
Change in net position			\$ 18,185,194		\$ 3,020,880

*See accompanying Independent Auditor's Report.*