



Financial Statements  
December 31, 2016

# Longs Peak Water District



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## **Independent Auditor's Report**

To the Board of Directors  
Longs Peak Water District  
Longmont, Colorado

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of Longs Peak Water District (the District), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 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 District as of December 31, 2016, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Restatement**

As described in Note 10 to the financial statements, the District recorded adjustments that were applied to restate January 1, 2016 net position to correct errors in water rights and revenue. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the District's proportionate share of the net pension liability and the schedule of employer contributions as listed in the table of contents 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.

### *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) as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Fort Collins, Colorado  
May 12, 2017

**Longs Peak Water District**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2016**

This section of the financial report is a required component of the annual audit for governmental organizations and is intended to help explain the financial activity for the fiscal year ended December 31, 2016, through a brief narrative overview and analysis of the financial statements. All interested persons are encouraged to read this report and to review the financial statements in conjunction with the descriptions of activity as highlighted below.

**Financial Highlights**

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, has a significant impact on the net position of the District.
- Key to the financial condition of the organization is the strength of the balance sheet disclosing amounts for assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.
- The benefits of a strong net position relative to the total balance sheet include the flexibility or liquidity to respond to the changing economic conditions or state legislation which may impact District operations financially and beyond budgeted constraints. For FY2016, Longs Peak Water District (the District) experienced an increase of \$595,674 in net position.
- Total cash, cash equivalents and investments was \$4,021,076 at December 31, 2016, as compared to \$3,336,360 at December 31, 2015, and represents an increase of \$684,716 or 20.5%.
- The District stayed within its operating budget, realizing over 100% of budgeted revenues while spending approximately 81% of budgeted expenditures.

**Overview of Financial Statements**

This report consists of the following components: management's discussion and analysis, basic financial statements, notes to the basic financial statements, required supplementary information, and other supplementary information.

**Basic Financial Statements**

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred outflows and inflows of resources, with the net difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues, expenses, and changes in net position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The *statement of cash flows* presents information concerning the District's cash receipts and cash payments during the year. The statement reports the cash receipts, cash payments and net cash from operations, investments, and related financial activities.

The basic financial statements can be found on pages 7 – 9 of this report.

The District adopts an annual appropriated budget. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Budgetary comparison schedule can be found on pages 28 – 30 of this report.

### Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found starting on page 10 of this report.

### Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$14,279,180 at the close of the most recent fiscal year.

**Table 1 - Condensed Statement of Net Position**

	<b>2016</b>	<b>2015 Restated</b>
Current assets	\$ 4,071,727	\$ 3,377,731
Noncurrent assets	10,631,962	10,702,907
Total assets	<u>14,703,689</u>	<u>14,080,638</u>
Deferred outflows	<u>187,736</u>	<u>64,857</u>
Current liabilities	13,551	15,575
Long-term liabilities	585,448	434,319
Total liabilities	<u>598,999</u>	<u>449,894</u>
Deferred inflows	<u>13,246</u>	<u>12,095</u>
Investment in capital assets	10,631,962	10,702,907
Unrestricted	3,647,218	2,980,599
Total net position	<u>\$ 14,279,180</u>	<u>\$ 13,683,506</u>

Total assets increased due to an increase in cash and investments attributable to taps and water rights sold during the year. The District rate charged to customers increased from 2015. In addition, dry weather during 2016 resulted in more water usage by customers contributing to increase in water sales revenue.

The District’s current liabilities primarily reflect expenses for payroll liabilities which at 2016 year end, the District’s payroll liabilities were \$13,385 as compared to 2015 payroll liabilities of \$15,407.

Revenues and expenses in 2016 shows that the District has increased the net position by \$595,674, primarily due to contributions from plant investment fees and gain on sale of assets. Key elements of this increase are as follows:

**Table 2 - Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	<u>2016</u>	<u>2015 Restated</u>
Total operating revenue	\$ 1,155,570	\$ 904,070
Total operating expenses	1,309,411	994,444
Net operating (loss)	<u>(153,841)</u>	<u>(90,374)</u>
Nonoperating revenues	<u>570,805</u>	<u>75,165</u>
Net revenue (loss) before contributions	416,964	(15,209)
Capital contributions	<u>178,710</u>	<u>109,420</u>
Change in net position	595,674	94,211
Net position - beginning	<u>13,683,506</u>	<u>13,589,295</u>
Net position - ending	<u>\$ 14,279,180</u>	<u>\$ 13,683,506</u>

The District failed to generate sufficient revenue to meet operating expenses. The operating loss of \$153,841 is net and includes the cost of treated water and depreciation expense. The *statement of revenues, expenses, and changes in net position* provides the detail information of the net operating revenue (loss) and the *statement of cash flows* reflects the cash flows from operating activities.

The rate structure is adjusted from year to year at a level approximate to the Denver – Boulder Consumer Price Index. Adjustments to the rate will continue to be made in an effort to keep abreast of inflation.

### **Budgetary Highlights**

The 2016 final fiscal year budget was adopted in December 2015. The schedule of revenues and expenses, actual compared to adopted budget, is included in the supplementary information. The amounts show that the District operated at a surplus for the year ended December 31, 2016, due to plant investment, customer tap fees and sale of water rights.

### **Capital Asset and Debt Administration**

**Capital assets.** The District’s investment in capital assets as of December 31, 2016, amounts to \$10,631,962. This investment in capital assets includes office equipment, land, ditch stock and water rights, distribution system, and the interconnect project with Little Thompson Water District. The total decrease in District capital assets was \$70,945 (1%). This decrease is the net effect of additions in office equipment, distribution system, water rights and maintenance equipment, any retirements and depreciation expense during the year.

Additional information on the District’s capital assets can be found in Note 3 on page 15 of this report.

## **Economic Factors and Next Year's Budget**

The Board of Directors and management of the District consider many factors when adopting a budget. Projected user fees (rate structure), growth and plant investment fees are all evaluated and considered before a final budget is adopted. The 2017 budget also attempts to anticipate new expense associated with both near-term, little (or no) growth and longer-term little-to-significant growth, of the District. There was a .10 cent increase per 1,000 gallons budgeted for user fees (rates) for 2017. There was also a \$100 increase per tap budgeted for 2017.

## **Requests for Information**

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Manager, Longs Peak Water District, 9875 Vermillion Road, Longmont, Colorado 80504.

Longs Peak Water District  
Statement of Net Position  
December 31, 2016

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Assets

Cash and cash equivalents	\$ 1,229,241
Investments	2,791,835
Accounts receivable, net of allowance for doubtful accounts of \$2,931 at December 31, 2016	46,802
Prepaid expenses	3,849
Capital assets not being depreciated:	
Land, ditch stock and water rights	6,144,675
Construction in progress	183,900
Capital assets, net of accumulated depreciation	4,093,253
Capital assets, net of accumulated amortization	<u>210,134</u>
Total assets	<u>14,703,689</u>

Deferred outflows of resources

Pension plan	<u>187,736</u>
Total deferred outflows of resources	<u>187,736</u>

Liabilities

Accrued liabilities	13,385
Unearned revenue	166
Net pension liability - due in more than one year	<u>585,448</u>
Total liabilities	<u>598,999</u>

Deferred inflows of resources

Pension plan	<u>13,246</u>
Total deferred inflows of resources	<u>13,246</u>

Net Position

Investment in capital assets	10,631,962
Unrestricted	<u>3,647,218</u>
Total net position	<u><u>\$ 14,279,180</u></u>

Longs peak Water District  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2016

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Operating Revenues	
Water sales	\$ 1,131,976
Miscellaneous water income	<u>23,594</u>
Total operating revenue	<u>1,155,570</u>
Operating Expenses	
Direct cost of treated water	143,827
Direct cost of water - other	87,262
Water operating expenses	718,402
General and administrative expenses	<u>359,920</u>
Total operating expenses	<u>1,309,411</u>
Operating (Loss)	<u>(153,841)</u>
Nonoperating Revenue	
Rental income	60,736
Other revenue	22,022
Gain on disposal	12,000
Interest and dividend income	27,177
Sale of water rights	<u>448,870</u>
Total nonoperating revenue	<u>570,805</u>
Income before capital contributions	416,964
Capital Contributions - plant investment and customer fees	<u>178,710</u>
Change in Net Position	595,674
Net Position, Beginning of Year - Restated	<u>13,683,506</u>
Net Position, End of Year	<u><u>\$ 14,279,180</u></u>

Longs Peak Water District  
Statement of Cash Flows  
Year Ended December 31, 2016

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Cash Flows from Operating Activities	
Cash received from customers	\$ 1,146,288
Cash paid to suppliers	(697,776)
Cash paid to employees	<u>(356,273)</u>
Net Cash from Operating Activities	<u>92,239</u>
Cash Flows from Investing Activities	
Sale of investments	21,035
Interest and dividend received	<u>27,177</u>
Net Cash from Investing Activities	<u>48,212</u>
Cash Flows from Noncapital Financing Activities	
Cash received from other nonoperating revenue	<u>531,628</u>
Net Cash from Noncapital Financing Activities	<u>531,628</u>
Cash Flows from Capital and Related Financing Activities	
Payments for the purchase of capital assets	(157,039)
Proceeds from sale of capital assets	12,000
Capital contributions - plant investment fees	<u>178,710</u>
Net Cash from Capital and Related Financing Activities	<u>33,671</u>
Net Change in Cash and Cash Equivalents	705,750
Cash and Cash Equivalents, Beginning of Year	<u>523,491</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,229,241</u></u>
Reconciliation of Operating (Loss) to Net Cash Flows from Operating Activities	
Operating (loss)	\$ (153,841)
Adjustments to reconcile operating (loss) to net cash from operating activities	
Depreciation and amortization	227,983
Changes in assets and liabilities	
Accounts receivable	(9,280)
Deferred outflows - pension plan	(122,879)
Accrued liabilities	(2,022)
Unearned revenue	(2)
Net pension liability	151,129
Deferred inflows - pension plan	<u>1,151</u>
Net Cash from Operating Activities	<u><u>\$ 92,239</u></u>

See Notes to Financial Statements

## **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of Longs Peak Water District (the District) conform to accounting principles generally accepted in the United States of America. The following is a summary of the District's significant accounting policies:

### **Reporting Entity**

The District is organized under the provisions of Section 32-1306(6) C.R.S. It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which include the power to levy taxes against property within the District. However, in its original site plan the District agreed not to set a mill levy. The District grants credit to its customers, substantially all of whom are located in Boulder and Weld counties.

For financial reporting purposes, management has considered all potential component units in defining the District. The District meets the criteria of an "other stand-alone government."

### **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 amendment excludes from its provision enterprise funds. The District qualifies as an enterprise, and is exempt from the requirements and limitations of Section 20, Article X of the Colorado Constitution.

### **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, all liabilities and deferred inflows associated with the operation of this fund are included in the statement of net position. Revenue and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Total net position is segregated into amounts invested in capital assets and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in 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 accounting principles generally accepted in the United States of America (GAAP) except that capital revenues and capital expenditures are treated as operating items, principal retired is budgeted as non-operating expense, and depreciation and amortization are not budgeted.

- 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.
- Public hearings are conducted at regular Board meetings to obtain taxpayer comments.
- Prior to December 15, the budget is legally adopted by the Board.
- Unused appropriations lapse at the end of each year.

### **Cash and Cash Equivalents**

Cash and cash equivalents consists of highly liquid investments with an original maturity of three months or less.

### **Investments**

The District’s investments include non-negotiable certificates of deposit and investments in a local government investment pool, which are valued at fair value.

### **Receivables and Credit Policy**

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Trade receivables are stated at the amount billed to the customer for water usage. The District does not assess interest on overdue customer account balances. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The District estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the District’s estimate of the allowance for doubtful accounts will change.

### **Capital Assets**

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost except for certain water rights and subdivision water lines which are contributed by developers, subdividers and customers. These contributed assets are recorded at the estimated acquisition value on the date of transfer. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets which range from five to fifty years.

The District reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at December 31, 2016.

### **Pensions**

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

### **Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category relating to changes in net pension liability not included in pension expense reported in the statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until the time. The District has one item that qualifies for reporting in this category. The District reports changes in net pension liability not included in pension expense reported in the statement of net position.

### **Plant Investment and Customer Fees**

Fees paid by new customers to access the District's facilities are recorded as capital contributions from customers and developers. Total fees received, net of infrastructure investment fees, were \$178,710 for the year ended December 31, 2016.

### **Revenue Recognition**

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

## **Operating Revenues and Expenses**

The District distinguishes between operating revenues and expenses and non-operating items in the Statement of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

## **Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

## **Implementation of new GASB Statements**

Beginning in fiscal year 2016, the District implemented the following statement issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 72 *Fair Value Measurements and Applications*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement also provides guidance for disclosures related to all fair value measurements.

## **Note 2 - Cash, Cash Equivalents, and Investments**

### **Cash Deposits**

Colorado statutes govern the District's deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized; the eligibility of collateral is determined by PDPA. The institution may create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to one hundred and two percent of the uninsured deposits.

At December 31, 2016, the District's carrying amount of cash deposits was \$1,229,241 and the bank balance was \$1,234,411. All deposits were fully collateralized.

## Investments

The District is authorized by Colorado statutes to invest in the following:

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

The District has the following investments:

- Non-negotiable certificates of deposit investments valued at amortized cost with average maturities of twenty months. These certificates of deposits had a value of \$1,187,690 at December 31, 2016.
- The District participates in a local government investment pool, ColoTrust, an SEC-registered investment pool. The investment pool operates similarly to a money market fund; each share is equal in value to \$1.00. The investment in ColoTrust is measured at Net Asset Value. At December 31, 2016, the District had \$1,604,145 invested in ColoTrust.

## Interest Rate Risk

The District's investment policy follows Colorado State statute limits. As a means of limiting local government exposure to fair value losses arising from interest rates, State statutes limits maturities to five years or less.

## Credit Risk

The government investment pool has received a rating of AAAM by Standard & Poor's.

## Concentration of Credit Risk

The District's limits credit risk, the risk of loss due to the failure of the security issuer or backer, by diversifying their investment portfolio. The District limits their risk by investing in ColoTrust and non-negotiable certificates of deposits.

## Custodial Credit Risk

The State Securities Commissioner administers and enforces the requirements of creating and operating the local government investment pools. The pools operating similarly to a money market fund and each share is equal in value to \$1. The ColoTrust pool is rated AAAM by Standard & Poor's and has a weighted average maturity of 74 days. Investment of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned in the participating governments.

**Note 3 - Capital Assets**

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

	Beginning Balance Restated	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land, ditch stock and water rights	\$ 6,091,675	\$ 53,000	\$ -	\$ 6,144,675
Construction in progress	177,500	6,400	-	183,900
Total capital assets, not being depreciated	<u>6,269,175</u>	<u>59,400</u>	<u>-</u>	<u>6,328,575</u>
Capital assets, being amortized:				
Water exchange (Note 8)	655,000	-	-	655,000
Total capital assets, being amortized	<u>655,000</u>	<u>-</u>	<u>-</u>	<u>655,000</u>
Less accumulated amortization:	<u>(421,905)</u>	<u>(22,961)</u>	<u>-</u>	<u>(444,866)</u>
Total capital assets, being amortized, net	<u>233,095</u>	<u>(22,961)</u>	<u>-</u>	<u>210,134</u>
Capital assets, being depreciated:				
Water treatment plant	1,559,112	12,989	-	1,572,101
Collection, transmission, and distribution system	4,479,373	37,500	(5,953)	4,510,920
Office building	954,874	6,500	-	961,374
Brown water distribution	19,573	-	-	19,573
Interconnect project - Little Thompson Water District	793,217	-	-	793,217
Maintenance equipment	246,069	35,000	(45,791)	235,278
Office equipment	113,993	5,650	(26,158)	93,485
Total capital assets, being depreciated	<u>8,166,211</u>	<u>97,639</u>	<u>(77,902)</u>	<u>8,185,948</u>
Less accumulated depreciation:				
Water treatment plant	(1,307,935)	(15,212)	-	(1,323,147)
Collection, transmission, and distribution system	(1,842,091)	(110,184)	5,953	(1,946,322)
Office building	(244,215)	(32,222)	-	(276,437)
Brown water distribution	(3,153)	(391)	-	(3,544)
Interconnect project - Little Thompson Water District	(279,365)	(15,101)	-	(294,466)
Maintenance equipment	(196,766)	(26,261)	45,791	(177,236)
Office equipment	(92,050)	(5,651)	26,158	(71,543)
Total accumulated depreciation	<u>(3,965,575)</u>	<u>(205,022)</u>	<u>77,902</u>	<u>(4,092,695)</u>
Total capital assets, being depreciated, net	<u>4,200,636</u>	<u>(107,383)</u>	<u>-</u>	<u>4,093,253</u>
Capital assets, net	<u>\$ 10,702,906</u>	<u>\$ (70,944)</u>	<u>\$ -</u>	<u>\$ 10,631,962</u>

Depreciation and amortization expense totaled \$227,983 for the year ended December 31, 2016.

**Note 4 - Board Designated Net Position**

The following amounts have been designated by Board resolutions at December 31, 2016 to be used for specific purposes. These amounts have been included in unrestricted net position:

Emergency reserve	\$ 127,095
Replacement reserve	1,156,745
	\$ 1,283,840

**Note 5 - Ditch Stock and Water Rights**

As of December 31, 2016, the District owned the following ditch stock and water rights:

- 1,464 units of Colorado-Big Thompson Water (C-BT)
- 4 shares of Supply Irrigation Company
- 9 shares of Oligarchy Extension Ditch Company
- 9 shares of Lower Oligarchy Ditch Company
- 6 shares of Oligarchy Irrigation Ditch Company
- 4 shares of Highland Ditch Company

The District leases its shares of Supply Irrigation Ditch Company and 4 shares of Oligarchy Irrigation Ditch Company, plus 6 shares of Oligarchy Extension Ditch Company, receiving \$2 per year rental plus the annual assessment. The District has a total of unearned revenue of \$166 at December 31, 2016.

The District is required to make annual assessment payments to the water and ditch companies. The aggregate payments were \$87,262 for the year ended December 31, 2016.

**Note 6 - Construction in Progress**

In December 2012, the District entered into an agreement with Northern Colorado Water Conservancy District for the development of a second water pipeline, known as the Southern Water Supply Project II (SWSP II) which would deliver additional untreated water from Carter Lake to municipalities and water districts located within the Northern Colorado Water Conservancy District. The construction in progress in the amount of \$183,900 at December 31, 2016, is related to the SWSP II project and consists of hiring a consultant to design the following aspects: 1) connection to the existing, original Southern Water Supply Pipeline; 2) the flow control structure of the project; and 3) the project's connection to the Longs Peak Water District, with the Northern Colorado Water Conservancy District overseeing all of these activities. The construction of the SWSP II is expected to take place over the next several years.

## Note 7 - Defined Benefit Pension Plans

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

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

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

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

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

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

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

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

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

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

	Rate
Employer contribution rate	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund	-1.02%
Amount apportioned to the LGDTF	8.98%
Amortization equalization disbursement	2.20%
Supplemental amortization equalization disbursement	1.50%
Total employer contribution rate to the LGDTF	12.68%

Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and Longs Peak Water District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Longs Peak Water District were \$48,635 for the year ended December 31, 2016.

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

At December 31, 2016, Longs Peak Water District reported a liability of \$585,448 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015 (measurement date). Longs Peak Water District proportion of the net pension liability was based on Longs Peak Water District contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, Longs Peak Water District proportion was .053%, which was a increase of .005% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, Longs Peak Water District recognized pension expense of \$74,740. At December 31, 2016, Longs Peak Water District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 112,227	\$ -
Changes in assumptions	-	10,723
Difference in proportionate share & actual/expected contributions	22,482	2,509
Changes in proportion and difference between contributions recognized and proportionate share of contributions	4,392	14
Contributions subsequent to measurement date	48,635	-
	\$ 187,736	\$ 13,246

\$48,635 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,

2017	\$ 40,172
2018	32,803
2019	29,677
2020	23,203
	\$ 125,855

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

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

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

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

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

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
  
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan’s fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan’s fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

*Sensitivity of Longs Peak Water District’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	Decrease of 1% (6.50%)	Current Discount Rate 7.50%	Increase of 1% (8.50%)
Proportionate share of the net pension liability	\$ 897,550	\$ 585,448	\$ 326,589

*Pension plan fiduciary net position.* Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### **Defined Contribution Pension Plan**

#### **Voluntary Investment Program**

*Plan Description* - Employees of Longs Peak Water District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. The District does not contribute to this plan on behalf of its employees.

### **Other Post-Employment Benefits**

#### **Health Care Trust Fund**

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

*Funding Policy* – Longs Peak Water District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for Longs Peak Water District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2016, 2015 and 2014, Longs Peak Water District contributions to the HCTF were \$3,621, \$3,192 and \$2,978, respectively, equal to their required contributions for each year.

### **Note 8 - Water Exchange Agreements**

The District entered into a 30-year agreement with Little Thompson Water District, a major supplier, to furnish the District with treated water effective July 1, 1997. Costs incurred for the purchase of capacity effective July 1, 1997 from Little Thompson Water District (LTWD) in the amount of \$565,000 have been capitalized and are being amortized over the term of the initial intergovernmental agreement with LTWD (30 years). On July 1, 1998, the District purchased additional capacity from LTWD in the amount of \$90,000. Amortization of these costs totaled \$22,962 for the year ended December 31, 2016. Total amount paid for the year ended December 31, 2016 was \$143,827 for the cost of treated water.

The District entered into a water exchange agreement dated April 5, 1979, with the Pleasant Valley Reservoir Fish and Ditch Company. Under the 50-year agreement, the District has the right to store its water in the Company's reservoir and to install and use structures below the outlet structures of the reservoir. The District is required to pay a yearly fixed exchange charge of \$5,000 in addition to a variable exchange charge based on each acre-foot of water in excess of 250 acre feet. This amount is included in the direct cost of water. As of December 31, 2016 there was an addendum to the agreement providing the District pay \$6,500 as a buy-out of the original exchange agreement, eliminating all future obligations of the District. The addendum also provides ability of the District to utilize water from the Pleasant Valley Reservoir in a catastrophic event, thereby triggering payment obligation by the District. The \$6,500 was paid in full as of December 31, 2016.

## Note 9 - Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets, errors and omissions, injuries to employees and natural disasters. Effective January 1, 2001, the District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool provides property, general liability, automobile physical damage and liability, public officials' liability, employee dishonesty and crime, and boiler and machinery coverage to its members.

The District pays annual premiums to the Pool for liability, property and public officials' coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. The amount of settlements has not exceeded insurance coverage for any of the three previous years.

### Reinsurance

The Pool has entered into reinsurance contracts that minimize its exposure to both large individual losses as well as a significant frequency of smaller losses.

- *Property and Automobile – Physical Damage:* The Pool is self-insured for losses and loss adjustment expenses up to \$300,000 for each occurrence. Property losses have a \$2,327,963 annual stop loss aggregate limit. Once the stop loss aggregate limit is met, exclusive of auto physical damage losses, the Pool's self-insured retention declines to \$25,000 per occurrence. Property, earthquake, and flood losses which exceed \$300,000 per occurrence are covered 100% under excess policies, with a limit per occurrence and annual aggregate of \$100,000,000, except a \$50,000,000 per occurrence and all member aggregate limit is applied to flood claims which occur within the Special Flood Hazard Areas as defined by the Federal Emergency Management Agency. All claims are subject to a deductible. Member Flood and EQ deductible are subject to 2% of the Insured value with minimum of \$5,000 and maximum of \$50,000
- *Property Terrorism and Third Party Terrorism Liability:* The Pool is self-insured for property, third-party liability and business interruption losses and loss adjustment expenses up to \$10,000 for each occurrence subject to a limit of \$100,000 in the aggregate.
- *Liability – General, Automobile, and Public Officials (Excluding Employment Related):* The Pool is self-insured for the first \$600,000 of each occurrence. 100% of claims in excess of \$600,000 (not to exceed \$400,000) are covered under an excess-of-loss agreement per occurrence, per member.
- *Public Officials Liability – Employment Related:* Employment-related claims are covered the same as all other liability claims.
- *Equipment Breakdowns:* The Pool has entered into arrangements that provide facultative reinsurance coverage for equipment breakdown claims. The Pool retains the first \$50,000 per claim.
- *Identity Recovery:* The Pool has entered into arrangements which provide 100% facultative reinsurance coverage for identity recovery losses.

- *Pollution Liability:* The Pool is self-insured for the first \$100,000 of each occurrence subject to a limit of \$1,000,000 per member per occurrence and a \$5,000,000 all member annual aggregate coverage limit.
- *Employee Dishonesty and Crime:* The Pool has entered into arrangements which provide 100% facultative reinsurance coverage for employee dishonesty and crime claims.
- *Workers' Compensation:* The reinsurance coverage limit is as defined in Colorado workers' compensation laws and \$2,000,000 per occurrence related to employer's liability claims in excess of the Pool's retention of \$750,000 per occurrence for all classes of employees other than federal coverage such as defense.

**Note 10 - Restatement**

During 2016, it was determined that a restatement to beginning net position was required to record value of raw water contributed to the District in previous years. The restatement as of January 1, 2016 is as follows:

January 1, 2016

Net position, as previously reported	\$ 13,515,106
Understatement - capital assets, water rights	<u>168,400</u>
Net position, as restated	<u><u>\$ 13,683,506</u></u>

The effect of the restatement on the change in net position reported for the year ended December 31, 2015 is to increase the amount previously reported for the change in net position by \$25,000.



Required Supplementary Information  
December 31, 2016

# Longs Peak Water District

**Longs Peak Water District**  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 Required Supplementary Information  
 December 31, 2016

	<u>2016</u>	<u>2015</u>
District's Cumulative Proportion of the Net Pension Liability	0.05314610%	0.04845632%
District's Cumulative Proportionate Share of the Net Pension Liability	\$ 585,448	\$ 434,319
District's Covered-Employee Payroll	\$ 301,828	\$ 265,519
District's Cumulative Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	194%	164%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.9%	80.7%

In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of December 31st of the preceding year (measurement date).

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Notes to Required Supplementary Information**

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

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
  
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

**Longs Peak Water District**  
**Schedule of Employer Contributions**  
**Required Supplementary Information**  
**December 31, 2016**

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	2016	2015
Statutorily Required Contribution	\$ 48,635	\$ 41,304
Contributions in Relation to the Statutorily Required Contribution	(48,635)	(41,304)
Contribution Deficiency (Excess)	\$ -	\$ -
District Covered-Employee Payroll	\$ 358,103	\$ 301,828
Contributions as a Percentage of Covered-Employee Payroll	13.6%	13.2%

The amounts reported are measured as of December 31st.

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.



Other Supplementary Information  
December 31, 2016

# Longs Peak Water District

Longs Peak Water District  
Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)  
December 31, 2016

	2016 Budget	Actual	Variance Over (Under)
<b>Revenues</b>			
<b>Operating revenues</b>			
Water sales	\$ 975,366	\$ 1,063,960	\$ 88,594
Brown-water system revenue	65,000	63,216	(1,784)
Penalties	9,000	12,043	3,043
Other revenue	3,000	22,022	19,022
Backflow device testing	8,000	7,866	(134)
Customer water rental	-	4,800	4,800
Transfer fees	3,500	3,685	185
<b>Total operating revenues</b>	<b>1,063,866</b>	<b>1,177,592</b>	<b>113,726</b>
<b>Nonoperating revenues</b>			
Customer tap fees	22,710	119,110	96,400
Raw Water	10,000	53,000	43,000
Gain on disposal	10,000	12,000	2,000
Plant investment fees	-	6,600	6,600
Rental income	60,700	60,736	36
Sale of water rights	-	448,870	448,870
Interest and dividends	18,000	27,177	9,177
<b>Total nonoperating revenues</b>	<b>121,410</b>	<b>727,493</b>	<b>606,083</b>
<b>Total revenues</b>	<b>1,185,276</b>	<b>1,905,085</b>	<b>719,809</b>
<b>Expenditures</b>			
<b>Operating expenses</b>			
Cost of treated water	180,000	143,827	(36,173)
Salaries	215,000	215,493	493
Supplies - plant	97,000	85,158	(11,842)
Water assessments	65,000	87,262	22,262
Utilities	55,000	51,102	(3,898)
Repairs and maintenance	49,500	37,676	(11,824)
Insurance	28,000	26,692	(1,308)
PERA	28,000	29,434	1,434
Vehicle operations	30,000	21,461	(8,539)
Water testing	15,000	4,700	(10,300)
Payroll tax	4,700	5,443	743
Education	3,000	1,722	(1,278)
Safety, training and equipment	1,000	424	(576)
Permit	500	-	(500)
Sludge hauling	-	4,900	4,900
Engineering	3,000	120	(2,880)
<b>Total operating expenses</b>	<b>774,700</b>	<b>715,414</b>	<b>(59,286)</b>

Longs Peak Water District  
Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)  
December 31, 2016

	2016 Budget	Actual	Variance Over (Under)
General and administrative			
Salaries	\$ 142,500	\$ 142,610	\$ 110
Insurance	25,000	26,004	1,004
PERA	20,000	48,602	28,602
Accounting and auditing	20,000	11,019	(8,981)
Repairs and maintenance	11,700	13,499	1,799
Telephone	12,000	13,333	1,333
Postage	9,500	8,443	(1,057)
Office supplies	8,000	8,075	75
Miscellaneous expense	10,000	2,346	(7,654)
Directors fees	6,000	5,875	(125)
Election expense	6,000	462	(5,538)
Legal	7,500	8,351	851
Credit card fees	5,000	5,239	239
Payroll tax	3,200	25	(3,175)
Dues and subscriptions	2,500	3,070	570
Newsletter/website operation	2,500	1,446	(1,054)
Bank charges	500	206	(294)
Education and conferences	2,000	480	(1,520)
Total general and administrative expenses	<u>293,900</u>	<u>299,085</u>	<u>5,185</u>
Other expenses			
Reimbursement of cash-in-lieu C-BT	-	15,900	15,900
Total other expenses	<u>-</u>	<u>15,900</u>	<u>15,900</u>
Capital improvements			
Plant - treatment	81,500	43,662	(37,838)
Plant - distribution	344,500	102,046	(242,454)
Water rights	-	53,000	53,000
General and administrative	15,500	3,123	(12,377)
Maintenance - system	17,000	6,237	(10,763)
Total capital improvements	<u>458,500</u>	<u>208,068</u>	<u>(250,432)</u>
Total expenditures	<u>1,527,100</u>	<u>1,238,467</u>	<u>(288,633)</u>
Excess of revenues over (under) expenditures	<u>\$ (341,824)</u>	<u>\$ 666,618</u>	<u>\$ 1,008,442</u>

Longs Peak Water District  
Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)  
December 31, 2016

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Reconciliation from GAAP Basis to Budget Basis

Change in net position	\$ 595,674
Less:	
Capital outlay	(157,039)
Add:	
Depreciation	205,022
Amortization of agreement with LTWD	<u>22,961</u>
Excess of revenues over expenditures (budgetary basis)	<u><u>\$ 666,618</u></u>