

**LOUVIERS WATER AND SANITATION
DISTRICT**

Douglas County, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**



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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louviers Water and Sanitation District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of the Louviers Water and Sanitation District, as of and for the year 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

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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 III - VII 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 opinions on the financial statements that collectively comprise the Louviers Water and Sanitation District's basic financial statements. The supplemental information on pages 14-22 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



July 11, 2017
Brighton, Colorado

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

Our discussion and analysis of Louviers Water and Sanitation District's (District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2016 and 2015. Please read it in conjunction with the District's basic financial statements which begin on page 1.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Fund Net Position, and 3) Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting.

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows of resources, with the difference being reported as net position. This statement provides useful information regarding the financial position of the District. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall financial position of the District.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* reports the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported for some items that will only result in cash flows in the subsequent years.

The *Statement of Cash Flows*, as its name implies, is concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from capital financing activities, 3) cash flows from noncapital financing activities, and 4) cash flows from investing activities.

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information*, as listed in the table of contents, which has been included for additional analysis and legal compliance.

FINANCIAL SUMMARY AND ANALYSIS

Net Position

2016

As noted earlier, net position may serve as a useful indicator of the District's financial position. As noted in the table below, the District's assets exceed liabilities in 2016 by \$1,848,879. Total assets, liabilities and deferred inflows of resources were \$2,647,316, \$761,501 and \$36,936, respectively. Current assets increased due primarily to positive operating results from

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

operations. Capital assets decreased due to 2016 depreciation expense. Current liabilities increased due to the high expenditures at the end of 2016 when compared to the end of 2015. Long-term liabilities decreased due to the District making the scheduled debt service payments on the outstanding loan and bonds. Additional information on capital assets and long-term debt is located below in the Capital Assets and Debt Administration section.

2015

As noted in the table below, the District's assets exceed liabilities in 2015 by \$1,895,585. Total assets, liabilities and deferred inflows of resources were \$2,699,584, \$770,990 and \$33,009, respectively. Current assets increased due primarily to positive operating results from operations. Capital assets decreased due to 2015 depreciation expense. Current liabilities decreased due to the lower expenditures at the end of 2015 when compared to the end of 2014. Long-term liabilities decreased due to the District making the scheduled debt service payments on the outstanding loan and bonds. Additional information on capital assets and long-term debt is located below in the Capital Assets and Debt Administration section.

	Condensed Statement of Net Position				
	2014	\$ Change	2015	\$ Change	2016
Current assets	\$ 248,976	\$ 45,740	\$ 294,716	\$ 78,891	\$ 373,607
Capital assets	2,536,027	(131,159)	2,404,868	(131,159)	2,273,709
Total Assets	2,785,003	(85,419)	2,699,584	(52,268)	2,647,316
Current liabilities	62,235	(39,818)	22,417	4,398	26,815
Long-term liabilities	762,026	(13,453)	748,573	(13,887)	734,686
Total Liabilities	824,261	(53,271)	770,990	(9,489)	761,501
Deferred property tax revenue	26,246	6,763	33,009	3,927	36,936
Total deferred inflows of resources	26,246	6,763	33,009	3,927	36,936
Investment in capital assets	1,761,810	(117,790)	1,644,020	(117,658)	1,526,362
Restricted for:					
Debt service	20,933	3,502	24,435	3,504	27,939
Operations and maintenance reserve	19,818	126	19,944	2,818	22,762
Emergencies	670	30	700	660	1,360
Unrestricted	131,265	75,221	206,486	63,970	270,456
Total Net Position	\$ 1,934,496	\$ (38,911)	\$ 1,895,585	\$ (46,706)	\$ 1,848,879

Changes in Net Position

2016

As noted in the table below, the District's net position decreased by \$46,706. Operating revenue increased by \$8,929, due primarily to higher water usage during 2016 when compared to 2015, since there was no increase in rates during 2016. Nonoperating revenue increased due to the District receiving a Small Communities Grant for \$17,054. Overall operating expenses were \$42,235 higher than 2015 due primarily to expending \$22,488 for a wastewater preliminary needs assessment and loan pre-qualification. This was partially funding by the

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

Small Communities Grant. Additionally during 2016, the District experienced several water main breaks resulting in \$29,736 of repair costs.

2015

As noted in the table below, the District's net position decreased by \$38,911. Operating revenue increased slightly by \$1,078. The water and sewer rates remained unchanged from the rate increases which were implemented January 1, 2012. Overall operating expenses were \$106,386 higher than 2014 due to a full year of depreciation on the capital projects completed at the end of 2014. Capital contributions decreased by \$730,229 from 2014 to 2015. This was due to significant grant revenue from the Colorado Water Resources and Power Development Authority related to the water improvement project during 2014 and none in 2015 as the project was completed in 2014.

Condensed Statement of Revenues, Expenses and Changes in Fund Net Position

	<u>2014</u>	<u>\$ Change</u>	<u>2015</u>	<u>\$ Change</u>	<u>2016</u>
Operating revenue	\$ 194,319	\$ 1,078	\$ 195,397	\$ 8,929	\$ 204,326
Nonoperating revenue	29,842	3,400	33,242	25,262	58,504
Total revenues	<u>224,161</u>	<u>4,478</u>	<u>228,639</u>	<u>34,191</u>	<u>262,830</u>
Operating expenses	134,464	106,386	240,850	42,235	283,085
Nonoperating expenses	26,982	(282)	26,700	(249)	26,451
Total expenses	<u>161,446</u>	<u>106,104</u>	<u>267,550</u>	<u>41,986</u>	<u>309,536</u>
Income before capital contributions	62,715	(101,626)	(38,911)	(7,795)	(46,706)
Capital contributions	730,229	(730,229)	-	-	-
Change in net position	792,944	(831,855)	(38,911)	(7,795)	(46,706)
Net Position - Beginning of Year	<u>1,141,552</u>	<u>792,944</u>	<u>1,934,496</u>	<u>(38,911)</u>	<u>1,895,585</u>
Net Position - End of Year	<u>\$ 1,934,496</u>	<u>\$ (38,911)</u>	<u>\$ 1,895,585</u>	<u>\$ (46,706)</u>	<u>\$ 1,848,879</u>

BUDGETARY HIGHLIGHTS

The District's budget was not amended for the year ended December 31, 2016. For 2016, actual revenues were \$31,004 more than budgeted primarily due to the District receiving a Small Communities Grant for \$17,054 which had not been anticipated when the 2016 budget was initially adopted. Additionally, water service charges revenue was \$14,243 more than budgeted due to higher than expected water usage. Expenditures were under budget by \$5,734. Water main breaks were over budget by \$14,736 however sewer main breaks were under budget by \$14,000. As noted earlier, the District didn't anticipate the Small Communities Grant, and therefore the related expenditures had not been budgeted, the result being that the related expenditures were over budget by \$22,488. Offsetting this over budget item, was \$20,000 of contingent expenditures which were under budget.

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The changes in the District's investment in capital assets are as follows:

	Capital Assets Summary				
	2014	\$ Change	2015	\$ Change	2016
Land	\$ 75,303	\$ -	\$ 75,303	\$ -	\$ 75,303
Total capital assets, not being depreciated	<u>75,303</u>	<u>-</u>	<u>75,303</u>	<u>-</u>	<u>75,303</u>
Water system and facilities, net	1,744,827	(110,470)	1,634,357	(110,469)	1,523,888
Wastewater system and facilities, net	715,897	(20,689)	695,208	(20,690)	674,518
Total capital assets being depreciated, net	<u>2,460,724</u>	<u>(131,159)</u>	<u>2,329,565</u>	<u>(131,159)</u>	<u>2,198,406</u>
Total capital assets, net	<u>\$ 2,536,027</u>	<u>\$ (131,159)</u>	<u>\$ 2,404,868</u>	<u>\$ (131,159)</u>	<u>\$ 2,273,709</u>

2016

During 2016, there were no capital asset additions or disposals. Overall, capital assets decreased due to the depreciation expense on the District's capital assets.

2015

During 2015, there were no capital asset additions or disposals. Overall, capital assets decreased due to the depreciation expense on the District's capital assets. As noted earlier, the depreciation expense increased from 2014 to 2015 due to the District incurring a full year of depreciation expense on capital assets that were completed toward the end of 2014.

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Obligations

The changes in the District's long-term obligations are as follows:

	Long-term Debt Summary				
	2014	Retirements	2015	Retirements	2016
General obligation bond, Series 2009	\$ 641,549	\$ (8,714)	\$ 632,835	\$ (8,846)	\$ 623,989
CWRPDA Loan	132,668	(4,655)	128,013	(4,655)	123,358
Total long-term debt	<u>\$ 774,217</u>	<u>\$ (13,369)</u>	<u>\$ 760,848</u>	<u>\$ (13,501)</u>	<u>\$ 747,347</u>

2016

During 2016, the District made the scheduled debt service payments on the outstanding bond and loan.

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015**

2015

During 2015, the District made the scheduled debt service payments on the outstanding bond and loan.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

ECONOMIC FACTORS NEXT YEAR'S BUDGET AND RATES

In adopting the District's budget for 2017, the District continued to levy property tax of 10.000 mills on the properties within the District's boundaries for operations, however the District increased the amount levied for debt service from 6.795 to 8.795 mills to pay a portion of the debt service on the District's outstanding long-term debt, resulting in a total mill levy of 18.795 mills. The District's total assessed valuation on the property within the District's boundaries decreased to \$1,965,160 for the 2017 levied taxes, a minor decrease from 2016. For 2017, the District increased the water and sewer rates by 3%, which increased the base bi-monthly charge from \$245.64 to \$253.00. The 2017 budget anticipates total revenue of \$257,934 and total expenditures of \$202,172. The ending funds available is expected to end the year at \$358,926.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Louviers Water and Sanitation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Accountant, Neil Schilling, CPA, Schilling & Company, Inc., P.O. Box 632060 Highlands Ranch, CO 80163 or by phone at (720) 348-1086.

BASIC FINANCIAL STATEMENTS

LOUVIERS WATER AND SANITATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - Unrestricted	\$ 263,675	\$ 176,082
Cash and cash equivalents - Restricted	27,939	24,435
Due from county treasurer	256	226
Accounts receivable:		
Customers	42,707	40,964
Small Communities Grant	2,094	-
Loan project funds	-	2,450
Loan forgiveness grant	-	17,550
Property taxes receivable	36,936	33,009
Total current assets	373,607	294,716
CAPITAL ASSETS		
Capital assets, not being depreciated	75,303	75,303
Capital assets, being depreciated	2,634,181	2,634,181
	2,709,484	2,709,484
Less accumulated depreciation and amortization	(435,775)	(304,616)
Total capital assets	2,273,709	2,404,868
TOTAL ASSETS	\$ 2,647,316	\$ 2,699,584
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts and retainage payable	\$ 8,488	\$ 4,993
Deposits	589	-
Accrued interest payable	5,077	5,149
Current portion of long-term debt	12,661	12,275
Total current liabilities	26,815	22,417
LONG-TERM LIABILITIES		
Long-term portion of long-term debt	734,686	748,573
Total long-term liabilities	734,686	748,573
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	36,936	33,009
Total deferred inflows of resources	36,936	33,009
NET POSITION		
Net investment in capital assets	1,526,362	1,644,020
Restricted for:		
Debt service	27,939	24,435
Operation and maintenance reserve	22,762	19,944
Emergencies	1,360	700
Unrestricted	270,456	206,486
Total net position	1,848,879	1,895,585
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 2,647,316	\$ 2,699,584

These financial statements should be read only in connection with the accompanying notes to financial statements.

**LOUVIERS WATER AND SANITATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
Years Ended December 31, 2016 and 2015**

	2016	2015
OPERATING REVENUE		
Water service charges	\$ 127,893	\$ 118,015
Sewer service charges	74,393	74,448
Late fees and other charges	2,040	2,934
Total operating revenue	204,326	195,397
 OPERATING EXPENSES		
Water and sewer operations	88,468	70,914
Administration expense	63,458	38,777
Depreciation	131,159	131,159
Total operating expenses	283,085	240,850
 OPERATING INCOME	(78,759)	(45,453)
 NONOPERATING REVENUE (EXPENSE)		
Property taxes	33,009	26,288
Specific ownership taxes	3,036	2,530
Cell tower lease income	5,184	4,320
Net investment income	221	104
Small Communities Grant	17,054	-
County treasurer fees	(496)	(395)
Interest expense	(25,955)	(26,305)
Total nonoperating revenue (expense)	32,053	6,542
 CHANGE IN NET POSITION	(46,706)	(38,911)
NET POSITION - BEGINNING OF YEAR	1,895,585	1,934,496
NET POSITION - END OF YEAR	\$ 1,848,879	\$ 1,895,585

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOUVIERS WATER AND SANITATION DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 203,172	\$ 195,533
Payments to vendors	(148,431)	(149,739)
Net cash provided by operating activities	54,741	45,794
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cell tower lease income received	5,184	4,320
Property taxes	32,513	25,893
Specific ownership taxes	3,006	2,492
Grants received	14,960	-
Net cash provided by capital financing activities	55,663	32,705
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Interest paid	(26,027)	(26,159)
Bond principal paid	(13,501)	(13,369)
Loan proceeds received	2,450	-
Grants received	17,550	-
Net cash required by capital financing activities	(19,528)	(39,528)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	221	104
Net cash provided by investing activities	221	104
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	91,097	39,075
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	200,517	161,442
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 291,614	\$ 200,517
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net income (loss) from operations	\$ (78,759)	\$ (45,453)
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	131,159	131,159
Effects of changes in operating assets and liabilities:		
Accounts receivable	(1,743)	136
Accounts payable	3,495	(40,048)
Deposits	589	-
Net cash provided by operating activities	\$ 54,741	\$ 45,794

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 – DEFINITION OF REPORTING ENTITY

Louviers Water and Sanitation District (District), was created on November 20, 2008, as a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District purpose is to provide public water and sanitary sewer services to the citizens of the District. The District is governed by an elected Board of Directors.

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District and Louviers Mutual Service Company (LMSC), a Colorado nonprofit organization, entered into a Dissolution and Transfer Agreement dated May 28, 2009, providing, among other things, for the assignment and transfer by LMSC to the District, of all tangible and intangible assets of LMSC, owned by LMSC at the time of dissolution. Effective October 30, 2009 the District entered into a Bill of Sale and Assignment and Assumption Agreement with LMSC to assign and transfer all tangible and intangible assets owned by LMSC to the District and for the District to assume all liabilities of LMSC.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and loans is recorded as a reduction in liabilities. Tap fees and contributed assets from developers are recorded as capital contributions when received.

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Operating Revenues and Expenses

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Cash Equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Capital Assets

Capital assets are recorded at cost except for those assets which have been contributed which are stated at estimated fair value at the date of contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements, exceeding \$5,000, are capitalized and depreciated over the

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

remaining useful lives of the related capital assets, as applicable. Depreciation and amortization expense has been computed using the straight-line method over the estimated economic useful lives:

Water system and facilities	5-20 years
Wastewater system and facilities	5-40 years

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Tap Fees and Contributed Capital Assets

Tap fees are recorded as capital contributions when received. Capital assets contributed to the District are recorded as capital contributions and additions to the systems at estimated fair market value when received.

Restricted Resources

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.

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators.

Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the District had cash deposits with a bank balance of \$272,076 and a carrying balance of \$291,614. At December 31, 2015, the District had cash deposits with a bank balance of \$200,482 and a carrying balance of \$200,517.

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015**

Investments

Credit Risk

The District has not adopted a formal investment policy, however, the District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of and for the years ending December 31, 2016 and 2015, the District held no investments.

Cash Deposits are reflected in the Statement of Net Position at December 31, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents - Unrestricted	\$ 263,675	\$ 176,082
Cash and Cash Equivalents - Restricted	27,939	24,435
	<u>\$ 291,614</u>	<u>\$ 200,517</u>

The cash and cash equivalents – restricted is restricted for the payment of debt service on the District's General Obligation Bond, Series 2009.

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LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 4 - CAPITAL ASSETS

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

	Balance at December 31, 2015	Additions	Disposals/ Retirements	Balance at December 31, 2016
Capital assets, not being depreciated:				
Land	\$ 75,303	\$ -	\$ -	\$ 75,303
Total capital assets, not being depreciated	<u>75,303</u>	<u>-</u>	<u>-</u>	<u>75,303</u>
Capital assets, being depreciated:				
Water system and facilities	1,804,249	-	-	1,804,249
Wastewater system and facilities	829,932	-	-	829,932
Total capital assets being depreciated	<u>2,634,181</u>	<u>-</u>	<u>-</u>	<u>2,634,181</u>
Less accumulated depreciation for:				
Water system and facilities	(169,892)	(110,469)	-	(280,361)
Wastewater system and facilities	(134,724)	(20,690)	-	(155,414)
Total accumulated depreciation	<u>(304,616)</u>	<u>(131,159)</u>	<u>-</u>	<u>(435,775)</u>
Total capital assets being depreciated, net	<u>2,329,565</u>	<u>(131,159)</u>	<u>-</u>	<u>2,198,406</u>
Total capital assets, net	<u><u>\$ 2,404,868</u></u>	<u><u>\$ (131,159)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,273,709</u></u>

An analysis of the changes in capital assets for the year ended December 31, 2015 follows:

	Balance at December 31, 2014	Additions	Disposals/ Retirements	Balance at December 31, 2015
Capital assets, not being depreciated:				
Land	\$ 75,303	\$ -	\$ -	\$ 75,303
Total capital assets, not being depreciated	<u>75,303</u>	<u>-</u>	<u>-</u>	<u>75,303</u>
Capital assets, being depreciated:				
Water system and facilities	1,804,249	-	-	1,804,249
Wastewater system and facilities	829,932	-	-	829,932
Total capital assets being depreciated	<u>2,634,181</u>	<u>-</u>	<u>-</u>	<u>2,634,181</u>
Less accumulated depreciation for:				
Water system and facilities	(59,422)	(110,470)	-	(169,892)
Wastewater system and facilities	(114,035)	(20,689)	-	(134,724)
Total accumulated depreciation	<u>(173,457)</u>	<u>(131,159)</u>	<u>-</u>	<u>(304,616)</u>
Total capital assets being depreciated, net	<u>2,460,724</u>	<u>(131,159)</u>	<u>-</u>	<u>2,329,565</u>
Total capital assets, net	<u><u>\$ 2,536,027</u></u>	<u><u>\$ (131,159)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,404,868</u></u>

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015**

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2016:

	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
General Obligation Bond, Series 2009	\$ 632,835	\$ -	\$ 8,846	\$ 623,989	\$ 8,006
CWRPDA Loan	128,013	-	4,655	123,358	4,655
	<u>\$ 760,848</u>	<u>\$ -</u>	<u>\$ 13,501</u>	<u>\$ 747,347</u>	<u>\$ 12,661</u>

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2015:

	<u>Balance at December 31, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2015</u>	<u>Due Within One Year</u>
General Obligation Bond, Series 2009	\$ 641,549	\$ -	\$ 8,714	\$ 632,835	\$ 7,620
CWRPDA Loan	132,668	-	4,655	128,013	4,655
	<u>\$ 774,217</u>	<u>\$ -</u>	<u>\$ 13,369</u>	<u>\$ 760,848</u>	<u>\$ 12,275</u>

General Obligation Bond, Series 2009

On November 4, 2009, the District issued a \$680,000 of General Obligation Bond dated November 4, 2009. The bond was issued to the United States of America Rural Utilities Service which is administered by the United States Department of Agriculture, Office of Rural Development. The bond bears interest at 4.125% and requires \$17,436 semiannual payments of principal and interest on May 4 and November 4, commencing on May 4, 2010 with the final payment due on November 4, 2049. The bond is subject to redemption prior to maturity as a whole or any portion thereof, on any date, upon the payment of par and accrued interest, without redemption premium. The proceeds of the bond were used to retire the outstanding balance of the Rural Community Assistance Corporation loan. The District is required to fund a debt service reserve in the amount of \$3,487 annually, until the balance in the debt service reserve account is \$34,872. During 2016 and 2015 the District paid interest on this bond in the amount of \$26,027 and \$26,159, respectively.

Colorado Water Resources and Power Development Authority Loan

On October 19, 2012, the District entered into a Loan Agreement of a net \$139,650 (\$1,139,650 loan commitment with \$1,000,000 loan principal forgiveness at loan closing) with the Colorado Water Resources and Power Development Authority (CWRPDA) dated October 19, 2012. The net loan bears an interest rate of 0%. The loan requires semi-annual principal only payments of \$2,327.50 on May 1 and November 1 beginning on November 1, 2013 and continuing through May 1, 2043. The loan was entered into to fund capital improvements consisting of drilling a

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015**

new well for redundancy, new disinfection system at the water treatment plant, replacing distribution lines, and chlorine contact piping.

Security for the loan is provided by a pledge of the net revenue of the District, excluding certain revenues as defined in the loan agreement. Additionally the District has covenanted to establish and collect such rates, fees and charges, together with other available revenues will be at least sufficient to pay the sum of: a) operation and maintenance expenses, b) 110% of the debt services on the loan, c) the amount, if any, to be paid into any debt service reserve account in connection with any obligations secured by a lien on the net revenue which lien is on a parity with the lien of this loan agreement on the net revenue, d) a sum equal to the debt service on any obligations secured by a lien on the net revenue which lien is subordinate to the lien of this loan agreement on the net revenue, and e) amounts necessary to pay and discharge all charges and liens or other indebtedness not described above and payable out of the gross revenue of the District. The District is also required to maintain an operation and maintenance reserve equal to three months of operation and maintenances expenses, excluding depreciation, of the water system.

The District has the right to draw on the loan based on eligible expenditures. Any amount not drawn down will be applied to the final payment of the loan. As of December 31, 2015, the District had \$2,450 available to be drawn on the loan which was received in 2016. The loan was recorded as a long term obligation in the full amount at the date the loan was executed.

The District's long-term obligations will mature as follows:

Years Ending December 31,	Principal	Interest	Total
2017	\$ 12,661	\$ 26,866	\$ 39,527
2018	14,218	25,309	39,527
2019	14,617	24,910	39,527
2020	14,963	24,564	39,527
2021	15,462	24,065	39,527
2022-2026	84,381	113,254	197,635
2027-2031	98,225	99,410	197,635
2032-2036	115,162	82,473	197,635
2037-2041	136,044	61,591	197,635
2042-2046	145,301	36,042	181,343
2047-2049	96,313	7,429	103,742
	<u>\$ 747,347</u>	<u>\$ 525,913</u>	<u>\$ 1,273,260</u>

As of December 31, 2016 and 2015 the District had authorized but unissued indebtedness of \$680,000 and \$760,000 for water system improvements and refunding outstanding debt, respectively.

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015**

NOTE 6 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets, consists of capital assets, net of accumulated depreciation and if applicable reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2016 and 2015 the District had invested in capital assets of \$1,526,362 and \$1,644,020, respectively.

Restricted net position includes net amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had net position at December 31, 2016 and 2015 restricted for the following purposes:

	2016	2015
Restricted for:		
Debt service (Note 5)	\$ 27,939	\$ 24,435
Operation and maintenance reserve (Note 5)	22,762	19,944
Emergencies (Note 9)	1,360	700
	\$ 52,061	\$ 45,079

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 8 – RELATED PARTY TRANSACTIONS

During 2016 and 2015, the District contracted for the operation of the District's water and sewer systems. The company providing the services was owned and operated by a member of the District's board of directors, who resigned from the board of directors effective May 10, 2016. Until May 10, 2016 and during 2015, the District incurred costs of \$4,800 and \$14,220, respectively under the contract. At December 31, 2015 there was \$1,185, due and payable under the terms of the contract to this related party.

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS

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

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

On November 4, 2008 a majority of the District's voters approved the following ballot questions:

Shall Louviers Water and Sanitation District taxes be increased \$25,000 in fiscal year 2009 and by whatever tax revenues are generated in each fiscal year thereafter by an ad valorem property tax mill levy not to exceed ten (10.000) mills, or by such lesser amount as necessary to pay the District's administration and operations and maintenance expenses and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2010 and in each fiscal year thereafter for as long as the District continues in existence, such authorization to constitute a voter-approved revenue change which may be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained in Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Shall Louviers Water and Sanitation District be authorized to collect, retain, and spend the full amount of all taxes, tax increment revenues, system development fees, park fees, facility fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, or charge authorized by law or contract to be imposed, collected or received by the District during 2008 and each fiscal year thereafter, such amounts to constitute a voter-approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained in Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any subsequent year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District is of the opinion that its water and sewer operations, and all activities related thereto are carried on as an Enterprise within the meaning of TABOR and the Enterprise Act, C.R.S. 37-45.;1-01, et seq. The District's annual budget and financial statements are deemed by the District to be the annual budget and financial statements of the Enterprise.

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

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

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions, including the calculation of fiscal year spending limits, growth factors, and qualification as an Enterprise, may require judicial interpretation.

NOTE 10 – CONTINGENCY

The District has received notification from Douglas County, Colorado (County) that the BNSF Railroad is proposing condemnation of a 138 acre parcel of land owned by the County. The District has a license agreement with the County to use 20 acres of this 138 acres parcel of land for the District's land application site for its sewer treatment operations. The District has incurred debt and constructed significant capital facilities related to the land application site. The County has communicated certain concerns regarding the proposed condemnation to the BNSF Railroad. The potential impact of the proposed condemnation on the District's operations cannot be determined with certainty at this time. However, if the condemnation goes forward and is successful, the District will have to obtain an alternate site for land application purposes or find some other method for disposing of its treated sludge, the cost of which could be significant. The District has not received any further written communication regarding this matter since receiving the initial notification from Douglas County.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Water service charges	\$ 113,650	\$ 127,893	\$ 14,243
Sewer service charges	74,700	74,393	(307)
Late fees and other charges	3,300	2,040	(1,260)
Property taxes	33,009	33,009	-
Specific ownership taxes	2,777	3,036	259
Cell tower lease	4,320	5,184	864
Net investment income	70	221	151
Small Communities Grant	-	17,054	17,054
Total Revenues	231,826	262,830	31,004
EXPENDITURES			
Administration:			
Accounting and bookkeeping	11,600	10,949	651
Audit	5,800	4,300	1,500
Directors fees and taxes	6,200	6,028	172
Bank charges	90	186	(96)
Computer software/support	1,000	1,362	(362)
Consultants	1,500	2,880	(1,380)
Election	4,000	1,220	2,780
Insurance	5,700	5,562	138
Legal fees	1,400	3,343	(1,943)
Miscellaneous	200	-	200
Office supplies/expenditures	1,200	1,394	(194)
Postage	1,000	451	549
Memberships, dues and subscriptions	1,800	1,651	149
Utilities	1,600	1,644	(44)
County treasurer fees	495	496	(1)
Wastewater PNA and Iona pre-qualification	-	22,488	(22,488)
Operations:			
Chemicals	2,500	2,503	(3)
Operations	14,400	16,510	(2,110)
Meter reading	2,600	1,863	737
Repairs and maintenance:			
Repairs and maintenance - infrastructure	-	267	(267)
Fire hydrants	-	200	(200)
Water valves/meter replacement	1,400	973	427
Water main breaks	15,000	29,736	(14,736)
Sewer main breaks	14,000	-	14,000
Miscellaneous repairs and maintenance	8,000	2,602	5,398
Utility locates	1,800	2,085	(285)
Testing - water and sewer	11,500	15,932	(4,432)
Utilities - infrastructure	12,500	12,071	429
Water meters	2,500	-	2,500
Mowing and weed control	4,200	3,196	1,004
Permits	600	530	70
Miscellaneous	3,500	-	3,500

(continued)

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2016

	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
(continued)			
Debt service:			
Bond and loan principal	11,978	13,501	(1,523)
Bond interest	27,549	25,955	1,594
Contingency	20,000	-	20,000
Total expenditures	197,612	191,878	5,734
REVENUES OVER (UNDER) EXPENDITURES	34,214	70,952	36,738
FUNDS AVAILABLE - BEGINNING OF YEAR	224,613	251,565	26,952
FUNDS AVAILABLE - END OF YEAR	\$ 258,827	\$ 322,517	\$ 63,690
Funds available is computed as follows:			
Current assets		\$ 373,607	
Current liabilities		(26,815)	
Deferred inflows of resources		(36,936)	
Current portion of long-term debt		12,661	
		\$ 322,517	

**LOUVIERS WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2016**

Revenue (budgetary basis)	<u>\$</u>	262,830
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position		<u>262,830</u>
Expenditures (budgetary basis)		191,878
Depreciation		131,159
Bond and loan principal		<u>(13,501)</u>
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position		<u>309,536</u>
Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	<u>\$</u>	<u>(46,706)</u>

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF NET POSITION - WATER AND SEWER OPERATIONS
December 31, 2016

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents - Unrestricted	\$ 205,812	\$ 57,863	\$ 263,675
Cash and cash equivalents - Restricted	-	27,939	27,939
Due from county treasurer	128	128	256
Accounts receivable:			
Customers	26,446	16,261	42,707
Small Communities Grant	-	2,094	2,094
Property taxes receivable	18,410	18,526	36,936
Total current assets	<u>250,796</u>	<u>122,811</u>	<u>373,607</u>
CAPITAL ASSETS			
Capital assets, not being depreciated:			
Land	16,438	58,865	75,303
Capital assets, being depreciated:			
System and facilities	1,804,249	829,932	2,634,181
	<u>1,820,687</u>	<u>888,797</u>	<u>2,709,484</u>
Less accumulated depreciation and amortization	(280,361)	(155,414)	(435,775)
Total capital assets	<u>1,540,326</u>	<u>733,383</u>	<u>2,273,709</u>
TOTAL ASSETS	<u>\$ 1,791,122</u>	<u>\$ 856,194</u>	<u>\$ 2,647,316</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 4,617	\$ 3,871	\$ 8,488
Deposits	589	-	589
Accrued interest payable	-	5,077	5,077
Current portion of long-term debt	4,655	8,006	12,661
Total current liabilities	<u>9,861</u>	<u>16,954</u>	<u>26,815</u>
LONG-TERM LIABILITIES			
Long-term portion of long-term debt	118,703	615,983	734,686
Total long-term liabilities	<u>118,703</u>	<u>615,983</u>	<u>734,686</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	18,410	18,526	36,936
Total deferred inflows of resources	<u>18,410</u>	<u>18,526</u>	<u>36,936</u>
NET POSITION			
Net investment in capital assets	1,416,968	109,394	1,526,362
Restricted for:			
Debt service	-	27,939	27,939
Operation and maintenance reserve	22,762	-	22,762
Emergencies	480	880	1,360
Unrestricted	203,938	66,518	270,456
Total net position	<u>1,644,148</u>	<u>204,731</u>	<u>1,848,879</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 1,791,122</u>	<u>\$ 856,194</u>	<u>\$ 2,647,316</u>

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - WATER AND SEWER OPERATIONS
Year Ended December 31, 2016

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUE			
Service charges	\$ 127,893	\$ 74,393	\$ 202,286
Late fees and other charges	1,033	1,007	2,040
Total operating revenue	<u>128,926</u>	<u>75,400</u>	<u>204,326</u>
OPERATING EXPENSES			
Operations expense:			
Chemicals	942	1,561	2,503
Operations	9,130	7,380	16,510
Meter reading	1,863	-	1,863
Repairs and maintenance:			
Repairs and maintenance - infrastructure	-	267	267
Fire hydrants	200	-	200
Water valves/meter replacement	973	-	973
Water/sewer main breaks	29,736	-	29,736
Miscellaneous repairs and maintenance	1,737	865	2,602
Utility locates	1,064	1,021	2,085
Testing - water and sewer	7,915	8,017	15,932
Utilities - infrastructure	11,225	846	12,071
Mowing and weed control	1,311	1,885	3,196
Permits	75	455	530
Administration expense:			
Accounting and bookkeeping	5,316	5,633	10,949
Audit	2,150	2,150	4,300
Directors fees and taxes	3,014	3,014	6,028
Bank charges	112	74	186
Computer software/support	681	681	1,362
Consultants	2,138	742	2,880
Election	610	610	1,220
Insurance	3,167	2,395	5,562
Legal fees	2,273	1,070	3,343
Office supplies/expenses	743	651	1,394
Postage	276	175	451
Memberships, dues and subscriptions	1,338	313	1,651
Utilities	822	822	1,644
Wastewater PNA and loan pre-qualification	-	22,488	22,488
Depreciation	110,469	20,690	131,159
Total operating expenses	<u>199,280</u>	<u>83,805</u>	<u>283,085</u>
OPERATING INCOME (LOSS)	<u>(70,354)</u>	<u>(8,405)</u>	<u>(78,759)</u>
NONOPERATING REVENUE (EXPENSE)			
Property taxes	16,446	16,563	33,009
Specific ownership taxes	1,518	1,518	3,036
Cell tower lease income	2,592	2,592	5,184
Net investment income	114	107	221
Small Communities Grant	-	17,054	17,054
County treasurer fees	(248)	(248)	(496)
Interest expense	-	(25,955)	(25,955)
Total nonoperating revenue (expense)	<u>20,422</u>	<u>11,631</u>	<u>32,053</u>
CHANGE IN NET POSITION	<u>(49,932)</u>	<u>3,226</u>	<u>(46,706)</u>
NET POSITION - BEGINNING OF YEAR	<u>1,694,080</u>	<u>201,505</u>	<u>1,895,585</u>
NET POSITION - END OF YEAR	<u>\$ 1,644,148</u>	<u>\$ 204,731</u>	<u>\$ 1,848,879</u>

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF CASH FLOWS - WATER AND SEWER OPERATIONS
Year Ended December 31, 2016

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 127,263	\$ 75,909	\$ 203,172
Payments to vendors	<u>(87,853)</u>	<u>(60,578)</u>	<u>(148,431)</u>
Net cash provided by operating activities	<u>39,410</u>	<u>15,331</u>	<u>54,741</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cell tower lease income received	2,592	2,592	5,184
Property taxes	16,198	16,315	32,513
Specific ownership taxes	1,512	1,494	3,006
Grants received	-	14,960	14,960
Net cash provided by capital financing activities	<u>20,302</u>	<u>35,361</u>	<u>55,663</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Interest paid	-	(26,027)	(26,027)
Loan and bond principal paid	(4,655)	(8,846)	(13,501)
Loan proceeds received	2,450	-	2,450
Grants received	17,550	-	17,550
Net cash required by capital financing activities	<u>15,345</u>	<u>(34,873)</u>	<u>(19,528)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	114	107	221
Net cash provided by investing activities	<u>114</u>	<u>107</u>	<u>221</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	75,171	15,926	91,097
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>130,641</u>	<u>69,876</u>	<u>200,517</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 205,812</u>	<u>\$ 85,802</u>	<u>\$ 291,614</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Net income (loss) from operations	\$ (70,354)	\$ (8,405)	\$ (78,759)
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	110,469	20,690	131,159
Effects of changes in operating assets and liabilities:			
Accounts receivable	(2,252)	509	(1,743)
Accounts payable	958	2,537	3,495
Deposits	589	-	589
Net cash provided by operating activities	<u>\$ 39,410</u>	<u>\$ 15,331</u>	<u>\$ 54,741</u>

**LOUVIERS WATER AND SANITATION DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2016**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected Currently</u>	
2011	\$ 2,031,490	10.000	\$ 20,315	\$ 20,315	100.0%
2012	\$ 1,615,070	10.000	\$ 16,151	\$ 16,151	100.0%
2013	\$ 1,609,720	12.873	\$ 20,722	\$ 20,722	100.0%
2014	\$ 1,564,960	14.873	\$ 23,276	\$ 23,276	100.0%
2015	\$ 1,608,050	16.322	\$ 26,246	\$ 26,288	100.2%
2016	\$ 1,965,360	16.795	\$ 33,009	\$ 33,009	100.0%
Estimated for					
the year ending					
December 31,					
2017	\$ 1,965,160	18.795	\$ 36,936		

NOTES:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016

General Obligation Bond
Series 2009

Principal and 4.125% Interest Due
May 4 and November 4

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 8,006	\$ 26,866	\$ 34,872
2018	9,563	25,309	34,872
2019	9,962	24,910	34,872
2020	10,308	24,564	34,872
2021	10,807	24,065	34,872
2022	11,257	23,615	34,872
2023	11,726	23,146	34,872
2024	12,151	22,721	34,872
2025	12,721	22,151	34,872
2026	13,251	21,621	34,872
2027	13,803	21,069	34,872
2028	14,321	20,551	34,872
2029	14,976	19,896	34,872
2030	15,600	19,272	34,872
2031	16,250	18,622	34,872
2032	16,876	17,996	34,872
2033	17,630	17,242	34,872
2034	18,365	16,507	34,872
2035	19,131	15,741	34,872
2036	19,885	14,987	34,872
2037	20,757	14,115	34,872
2038	21,622	13,250	34,872
2039	22,523	12,349	34,872
2040	23,429	11,443	34,872
2041	24,438	10,434	34,872
2042	25,456	9,416	34,872
2043	26,517	8,355	34,872
2044	27,601	7,271	34,872
2045	28,772	6,100	34,872
2046	29,972	4,900	34,872
2047	31,221	3,651	34,872
2048	32,514	2,358	34,872
2049	32,578	1,420	33,998
	<u>\$ 623,989</u>	<u>\$ 525,913</u>	<u>\$ 1,149,902</u>

**Colorado Water Resources and
Power Development Authority Loan
Principal and 0.000% Interest Due
May 1 and November 1**

			Total		
Principal	Interest	Total	Principal	Interest	Total
\$ 4,655	\$ -	\$ 4,655	\$ 12,661	\$ 26,866	\$ 39,527
4,655	-	4,655	14,218	25,309	39,527
4,655	-	4,655	14,617	24,910	39,527
4,655	-	4,655	14,963	24,564	39,527
4,655	-	4,655	15,462	24,065	39,527
4,655	-	4,655	15,912	23,615	39,527
4,655	-	4,655	16,381	23,146	39,527
4,655	-	4,655	16,806	22,721	39,527
4,655	-	4,655	17,376	22,151	39,527
4,655	-	4,655	17,906	21,621	39,527
4,655	-	4,655	18,458	21,069	39,527
4,655	-	4,655	18,976	20,551	39,527
4,655	-	4,655	19,631	19,896	39,527
4,655	-	4,655	20,255	19,272	39,527
4,655	-	4,655	20,905	18,622	39,527
4,655	-	4,655	21,531	17,996	39,527
4,655	-	4,655	22,285	17,242	39,527
4,655	-	4,655	23,020	16,507	39,527
4,655	-	4,655	23,786	15,741	39,527
4,655	-	4,655	24,540	14,987	39,527
4,655	-	4,655	25,412	14,115	39,527
4,655	-	4,655	26,277	13,250	39,527
4,655	-	4,655	27,178	12,349	39,527
4,655	-	4,655	28,084	11,443	39,527
4,655	-	4,655	29,093	10,434	39,527
4,655	-	4,655	30,111	9,416	39,527
2,328	-	2,328	28,845	8,355	37,200
-	-	-	27,601	7,271	34,872
-	-	-	28,772	6,100	34,872
-	-	-	29,972	4,900	34,872
-	-	-	31,221	3,651	34,872
-	-	-	32,514	2,358	34,872
-	-	-	32,578	1,420	33,998
\$ 123,358	\$ -	\$ 123,358	\$ 747,347	\$ 525,913	\$ 1,273,260