



Little Thompson Water District

Financial Statements and Supplementary Information

For the Years Ended December 31, 2017 and 2016

Little Thompson Water District

Contents

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 7
Basic Financial Statements	
Statements of Net Position	8 - 9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 26
Supplementary Information	
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)	27 - 30



Independent Auditor's Report

Board of Directors
Little Thompson Water District
Berthoud, Colorado

We have audited the accompanying financial statements of the Little Thompson Water District (the "District") as of and for the years ended December 31, 2017 and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Little Thompson Water District as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) on pages 27 through 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) is fairly stated in all material respects in relation to the financial statements as a whole.

Anton Collins Mitchell LLP

Greeley, Colorado
April 13, 2018

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016**

Introduction

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

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

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

The MD&A is intended to focus on the 2017 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with the District's basic financial statements (beginning on page 8).

Financial Highlights 2017 compared to 2016

- Total operating revenues were \$8,945,396, an increase of \$624,016.
- Total operating expenses were \$7,363,176, an increase of \$161,997.
- Total debt proceeds were \$9,233,977 because of debt refinancing in May and December 2017.
- Total debt service principal, including the pay off the loans due to the refinancing, and interest were \$11,727,366 an increase of \$9,114,515.
- Total non-operating revenues and cash capital contributions were \$6,499,965, an increase of \$2,920,007.
- Total capital expenses, including water right purchases were \$9,890,850, an increase of \$7,473,393.
- The total expenses on a budgetary basis exceeded the revenues on a budgetary basis by \$2,745,110.
- Principal paid on long term debt, including the pay off the loans due the refinancing, was \$11,228,490.
- Long-term debt decreased to \$13,361,941.
- Net capital assets were \$126,897,889, an increase of \$17,324,116.

Overview of the Financial Statements

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

Required Financial Statements

The District's financial statements report information using accounting methods that conform with U.S. generally accepted accounting principles and similar to those used by the private sector. These statements provide both long term and short term information about the District's overall financial status. The audited financial statements and related notes are shown on pages 8 to 26.

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016**

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

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

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

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

Other Supplementary Information

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. There was an amendment to the originally adopted 2017 budget. Though this schedule is not required as part of the audited financial statements, it is added for review as other supplementary information.

Condensed Comparative of Financial Information

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

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

	2017	2016	2015
Assets			
Current Assets	\$7,273,959	\$9,709,844	\$8,166,611
Restricted Assets	1,382,445	1,581,895	1,760,338
Capital Assets, net	126,897,889	109,573,773	94,685,439
Other Assets	3,611,985	3,731,907	3,651,620
Total Assets	139,166,278	124,597,419	108,264,008
Deferred Outflows of Resources			
Unamortized Deferred Loss on Bond Refunding	185,564	133,381	241,726
Liabilities			
Current Liabilities	2,730,844	2,471,338	2,313,671
Long-Term Liabilities	11,392,403	13,486,764	15,604,559
Total Liabilities	14,123,247	15,958,102	17,918,230
Net Position			
Net Investment in Capital Assets	113,702,940	94,321,630	77,464,527
Restricted:			
Bond and Loan Reserve	1,382,445	1,581,895	17,760,338
Total Net Position	\$ 125,228,595	\$108,772,698	\$90,587,504

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016**

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

	2017	2016	2015
Operating Revenues	\$8,945,396	\$8,321,380	\$8,017,349
Less: Operating Expenses	(5,713,627)	(5,630,376)	(5,040,990)
Less: Depreciation	(1,649,549)	(1,570,803)	(1,518,055)
Operating Income	1,582,220	1,120,201	1,458,304
Non-Operating Revenues (Expenses)	(438,913)	(378,364)	(633,334)
Contributed Capital	15,312,590	17,443,357	2,195,910
Change in Net Position	16,455,897	18,185,194	3,020,880
Net Position Beginning of Year	108,772,698	90,587,504	87,566,624
Net Position, End of Year	<u>\$125,228,595</u>	<u>\$ 108,772,698</u>	<u>\$ 90,587,504</u>

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

	2017	2016	2015
Cash from Operating Activities	\$ 3,275,104	\$2,684,669	\$3,497,378
Cash from Non-Capital Financing Activities	215,861	93,309	109,183
Cash from Capital and Related Financing Activities	(6,237,548)	(1,600,020)	(2,975,110)
Cash from Investing Activities	253,779	234,804	56,764
Net Change in Cash and Cash Equivalents	(2,492,804)	1,412,792	688,215
Cash and Cash Equivalents at Beginning of Year	8,845,451	7,432,659	6,744,444
Cash and Cash Equivalents at End of Year	<u>\$6,352,647</u>	<u>\$8,845,451</u>	<u>\$7,432,659</u>

Analysis of Financial Position and Operating Results

Tap sales, including Cash in Lieu were \$6,229,775 or 17% more than budget and up \$2,828,098 from 2016.

Assets increased by \$14,568,859 in 2017 from 2016, due to more system upgrades, water right purchases, contributed capital and the contribution of water rights.

Debt decreased by \$1,994,513 due to decrease in principal on the 2011 and the 2014 Water Revenue Bonds, and the refinance of the 2004 and the 2006 Loans Payable to Colorado Water Conservation Board ("CWCB"); and the 2006 Loan Payable to the Colorado Water Resource and Power Development Authority ("CWR&PDA").

Operating revenue was \$8,945,396 or 9% over budget due to more water sales than projected.

Earnings on investments were similar to 2016.

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016**

**Schedule of Revenues and Expenditures Budget
Budget to Actual (Budgetary Basis)
Year Ended December 31, 2017**

Revenues	Final Budget	Actual	Variance	2016
Operating	\$8,243,540	\$8,945,396	\$701,856	\$8,321,380
Non-Operating	904,583	270,190	(634,393)	178,281
Debt Proceeds	9,175,722	9,233,977	58,255	0
Tap Fee/Water Rights	<u>5,312,800</u>	<u>6,229,775</u>	<u>916,975</u>	<u>3,401,677</u>
Total Revenues	\$23,636,645	\$24,679,338	\$1,042,693	\$11,901,338
Distribution	884,560	1,157,714	(273,154)	1,014,516
Administration	709,770	621,773	87,997	628,035
Engineering	174,500	64,084	110,416	44,154
Employee Costs	2,406,957	2,395,754	11,203	2,454,880
CLFP & Joint Costs	849,601	942,713	(93,112)	1,047,414
Water Assessments	546,735	531,589	15,146	441,377
Debt Service	11,775,411	11,819,971	(44,560)	2,612,851
Capital Improvements	<u>10,783,858</u>	<u>9,890,850</u>	<u>893,008</u>	<u>2,417,457</u>
Total Expenses	\$28,131,392	\$27,424,448	\$706,944	\$10,660,684
Excess (deficiency)	<u>\$ (4,494,747)</u>	<u>\$ (2,745,110)</u>	<u>\$ 1,749,637</u>	<u>\$ 1,240,654</u>

Total revenue was more than budgeted by \$1,042,693.

Total expenditures, including capital expenses, were less than budgeted by \$706,944 and \$16,763,764 more than in 2016 due to purchase of water shares and the refinance of the District's debt.

Additional explanations to follow:

- Distribution costs increased by \$143,198; primarily due to increased system repairs and maintenance.
- Administration and general expense decreased by \$6,262.
- Engineering expenses increased by \$19,930 due to more focus on water consulting and more mapping related expenses.
- Employee costs decreased by \$59,126 because of change in key positions in the organization.
- Carter Lake Filter Plant and Dry Creek Reservoir joint operations decreased by \$104,701 because of a decrease in water treatment costs.
- The District's debt was \$13,361,941 and \$15,356,454 in 2017 and 2016 respectively. The decrease was due to the retirement of \$1,994,513 of principal on this debt. Further debt information is available in the notes (see pages 20-24).
- Total capital expenditures were \$893,008 less than budgeted and \$7,473,393 more than in 2016 mainly due to more capital projects and more water right purchases.

**Little Thompson Water District
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016**

Major additions in 2017:

We sold 171 taps for a total of \$2,541,942. The District acquired by purchase 17 units of C-BT Water for \$466,650 and 5 units of Windy Gap Water for \$7,500,000. We received \$141,401 for Tap Installation Revenue and we expended \$98,492 on new tap installations. The District shared in the cost of upgrades to Carter Lake North and South Filter Plants for a cost of \$409,401. We spent \$219,412 vehicle replacements and Equipment purchases. We completed several water line upgrade projects for a total of \$537,750.

Contracts and Agreements

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

Economic and Other Factors

Overall, retail water revenues increased in 2017 because of growth in the district and warmer summer resulting in more outdoor water usage. Our tap sales increased and were more than budgeted. District management utilizes a forecasting program to develop rates and fees that will ensure the District remains a financially sound entity. There was a small amount of growth throughout the District and in Larimer, Weld, and Boulder counties in 2017. Operating expenses have increased because of a conscious decision to be proactive with more repairs and maintenance of our system. More was allocated to system maintenance and general administration for computers system upgrades and contracted services. We spent significantly more in 2017 on capital projects and we purchased more water rights than in 2016.

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

Financial Contact

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

Basic Financial Statements

Little Thompson Water District

Statements of Net Position

<i>December 31,</i>	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 4,526,859	\$ 8,845,451
Investments	1,825,788	-
Receivables	673,044	661,055
Prepaid items	18,330	23,156
Inventories	229,938	180,182
Total current assets	7,273,959	9,709,844
Non-current assets		
Restricted assets		
Cash and cash equivalents	1,382,445	1,581,895
Capital assets		
Distribution system	62,507,390	61,824,319
Carter Lake Filter Plant improvements	9,446,993	9,076,405
Dry Creek reservoir dam	7,432,221	7,432,221
Buildings and improvements	692,950	692,950
Vehicles and equipment	1,682,392	1,462,980
Intangible assets	157,481	157,481
Total depreciable assets	81,919,427	80,646,356
Less: accumulated depreciation	(28,410,241)	(26,760,692)
Total depreciable assets, net	53,509,186	53,885,664
Land, easements and reservoir	7,322,437	7,322,437
Water rights	64,248,631	47,536,981
Construction in progress	1,817,635	828,691
Total capital assets, net	126,897,889	109,573,773
Other assets		
Investment in joint venture	3,611,985	3,731,907
Total non-current assets	131,892,319	114,887,575
Total assets	139,166,278	124,597,419
Deferred outflows of resources		
Unamortized deferred loss on refunding	185,564	133,381
Total deferred outflows of resources	185,564	133,381

(Continued).

Little Thompson Water District
Statements of Net Position
(Continued)

<i>December 31,</i>	2017	2016
Liabilities		
Current liabilities		
Current portion of bonds and notes payable	2,205,375	2,105,653
Accounts payable	450,340	246,041
Accrued wages payable	48,845	42,601
Accrued interest expense	26,284	77,043
Total current liabilities	2,730,844	2,471,338
Non-current liabilities		
Accrued compensated absences	217,265	206,893
Bonds and notes payable, net of current portion	11,175,138	13,279,871
Total non-current liabilities	11,392,403	13,486,764
Total liabilities	14,123,247	15,958,102
Net position		
Net investment in capital assets	113,702,940	94,321,630
Restricted:		
Debt service and loan reserves	1,382,445	1,581,895
Unrestricted	10,143,210	12,869,173
Total net position	\$ 125,228,595	\$ 108,772,698

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

Little Thompson Water District

Statements of Revenues, Expenses and Changes in Net Position

<i>For the Years Ended December 31,</i>	2017	2016
Operating revenues		
Water sales - treated	\$ 8,596,087	\$ 8,243,523
Service and other revenue	349,309	77,857
Total operating revenues	8,945,396	8,321,380
Operating expenses		
Distribution	1,157,714	1,014,516
Administration and general	621,773	628,035
Engineering	64,084	44,154
Employee costs	2,395,754	2,454,880
Carter Lake Filter Plant and Dry Creek Reservoir operating expenses	942,713	1,047,414
Water assessments and rentals	531,589	441,377
Depreciation	1,649,549	1,570,803
Total operating expenses	7,363,176	7,201,179
Operating income	1,582,220	1,120,201
Nonoperating revenues (expenses)		
Grant revenue	-	6,265
Earnings on investments	54,329	56,361
Gain on sale of capital assets	-	28,611
Miscellaneous	215,861	87,044
Equity in net income (loss) from joint venture	(119,921)	80,287
Interest expense	(496,577)	(636,932)
Debt issuance costs	(92,605)	-
Total nonoperating revenues (expenses)	(438,913)	(378,364)
Net income before contributions	1,143,307	741,837
Capital contributions	15,312,590	17,443,357
Change in net position	16,455,897	18,185,194
Net position at beginning of year	108,772,698	90,587,504
Net position at end of year	\$ 125,228,595	\$ 108,772,698

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

Little Thompson Water District

Statements of Cash Flows

<i>For the Years Ended December 31,</i>	2017	2016
Cash flows from operating activities:		
Cash received from customers	\$ 8,933,407	\$ 8,198,782
Cash paid to suppliers	(3,279,165)	(3,077,129)
Cash paid to employees	(2,379,138)	(2,436,954)
Net cash flows from operating activities	3,275,104	2,684,699
Cash flows from noncapital financing activities:		
Other nonoperating revenues	215,861	87,044
Federal and state grant revenue	-	6,265
Net cash flows from noncapital financing activities	215,861	93,309
Cash flows from capital and related financing activities:		
Contributed capital	6,229,775	3,401,677
Proceeds from sale of capital assets	-	28,611
Acquisition and construction of capital assets	(9,770,189)	(2,417,457)
Proceeds from long-term debt	9,233,977	-
Principal paid on long-term debt	(11,228,490)	(2,064,436)
Interest paid	(610,016)	(548,415)
Debt issuance costs	(92,605)	-
Net cash flows from capital and related financing activities	(6,237,548)	(1,600,020)
Cash flows from investing activities:		
Earnings on investments	54,329	56,361
Net change in cash and cash equivalents restricted for debt service and loan reserves	199,450	178,443
Net cash flows from investing activities	253,779	234,804
Net change in cash, cash equivalents, and investments	(2,492,804)	1,412,792
Cash, cash equivalents and investments at beginning of year	8,845,451	7,432,659
Cash, cash equivalents and investments at end of year	\$ 6,352,647	\$ 8,845,451

(Continued).

Little Thompson Water District
Statements of Cash Flows
(Continued)

<i>For the Years Ended December 31,</i>	2017	2016
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 1,582,220	\$ 1,120,201
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	1,649,549	1,570,803
Changes in operating assets and liabilities:		
Receivables	(11,989)	(122,598)
Prepaid items	4,826	(1,430)
Inventories	(49,756)	(6,413)
Accounts payable	83,638	106,210
Accrued wages payable	6,244	17,389
Accrued compensated absences	10,372	537
Net cash flows from operating activities	\$ 3,275,104	\$ 2,684,699
Noncash investing, capital and financing activities:		
Net income (loss) from joint venture	\$ (119,921)	\$ 80,287
Capital assets acquired with contributed capital	\$ 9,082,815	\$ 14,041,680
Capital assets acquired with accounts payable	\$ 120,661	\$ -
Amortization of bond premiums	\$ 10,498	\$ 12,677
Amortization of deferred loss on refunding	\$ (58,958)	\$ (108,345)

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

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

1. Summary of Significant Accounting Policies

Form of Organization

The Little Thompson Water District (the “District”) is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (“CRS”). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District’s accounting policies are described below.

Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s board, and either, a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government

Based on the above criteria, there are no other organizations that would be considered component units of the District.

Basic Financial Statements

The District is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

Basis of Accounting

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

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

Budgets and Budgetary Accounting

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

The budget process timeline is as follows:

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

The following is a summary of the original budget, total revisions, and revised budget for fiscal year 2017:

	Original Budget	Total Revisions	Revised Budget
Enterprise fund expenses	\$ 10,940,537	\$ 17,190,855	\$ 28,131,392

Cash and Cash Equivalents

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

Investments

Investments, consisting of funds invested in a local government investment pool (Note 2), are measured at net asset value, which approximates fair value.

Allowance for Doubtful Accounts

The District’s receivables are due from commercial and residential customers within the District service area. The District’s policy for collections is limited to the right to discontinue service and to place liens on property. The District has determined that no allowance is necessary at December 31, 2017 or 2016, based on historical collection experience, and the ability to place liens on property.

Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed three times a month on 30 day cycles. Unbilled water charges are accrued for the period from the last meter reading through year-end and are included in receivables. Unbilled accounts receivable, included in receivables, amounted to \$152,436 and \$137,161, at December 31, 2017 and 2016, in the accompanying statements of net position, respectively.

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

Inventories

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

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed. The District's intangible assets are software which is being amortized over its estimated useful life as shown below.

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

Description	Estimated Lives
Water rights	N/A
Land, easements, and Dry Creek Reservoir	N/A
Construction in progress	N/A
Distribution system	10 - 50 years
Carter Lake Filter Plant improvements	20 - 50 years
Dry Creek Reservoir Dam	100 years
Buildings and improvements	20 - 50 years
Vehicles and equipment	3 - 20 years
Intangible assets - software	10 years

Joint Venture

The District is a participant with Central Weld County Water District ("CWCWD"), in a joint venture to operate Carter Lake Filter Plant (the "Plant"), the filter plant from which the District and CWCWD purchase 100% of their water. The Plant is governed by a six-member board of directors composed of three appointees from the District and three from CWCWD. The District and CWCWD are each charged for their respective share of the water purchased from the Plant, and may be assessed for capital improvements made at the Plant on a periodic basis. Beginning in 2008, the District and CWCWD revised the joint venture agreement in order to change the way that major improvements to the Plant are funded. Major capital improvements to the Plant are no longer funded by the Plant, with assessments issued to each district; but rather, they are funded by the individual districts independently, and included in each of the district's capital assets. As such, the depreciation expense for these assets has also been reflected in the financial statements of the District and CWCWD. The District's net investment and its share of the operating results of the District are reported in the accompanying statements of net position, and revenues, expenses and changes in net position. The District's equity interest in the Plant was \$3,611,985 and \$3,731,907 at December 31, 2017 and 2016, respectively. Complete financial statements for the Plant may be obtained from the Plant's administrative office at 7100 W. County Road 8-E, Berthoud, Colorado 80521.

Debt Issuance Costs

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

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

Debt Related Deferrals

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

Accrued Compensated Absences Payable

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

Contributions in Aid of Construction

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

Net Position

Net position is classified in the following categories:

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

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restriction imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the District which is not restricted for any project or other purpose. A deficit will require future funding.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

2. Cash and Investments

Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, CRS require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2017 and 2016, the District had deposits with a financial institution with a carrying amount of \$5,908,904 and \$10,426,946, respectively. The bank balances with the financial institution were \$5,888,096 and \$10,802,808, respectively. Of these amounts, \$250,000 was covered by federal depository insurance. The remaining balances of \$5,638,096 and \$10,552,808, respectively, were collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

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

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

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

Local Government Investment Pool

At December 31, 2017, the District had invested \$1,825,788 in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk

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

At December 31, 2017 and 2016, the District had cash and investment balances as follows (includes restricted cash):

	2017	2016
Cash on hand	\$ 400	\$ 400
Bank deposits	5,908,904	10,426,946
local government investment pool	1,825,788	-
Total	\$ 7,735,092	\$ 10,427,346

Cash and investment balances are reflected on the statement of net position at December 31, 2017 and 2016, as follows:

	2017	2016
Cash and cash equivalents	\$ 4,526,859	\$ 8,845,451
Investments	1,825,788	-
Restricted cash and cash equivalents	1,382,445	1,581,895
Total	\$ 7,735,092	\$ 10,427,346

3. Restricted Assets

Amounts shown as restricted cash and cash equivalents have been restricted by bond indentures to be used for specified purposes. The balance restricted as of December 31, 2017 and 2016, was \$1,382,445 and \$1,581,895, respectively.

4. Receivables

Receivables at December 31, 2017 and 2016, consisted of the following:

	2017	2016
Water service	\$ 431,261	\$ 402,494
Unbilled accounts receivable	152,436	137,161
Miscellaneous	89,347	121,400
Total	\$ 673,044	\$ 661,055

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

5. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Water rights	\$ 47,536,981	\$ 16,711,650	\$ -	\$ 64,248,631
Land and easements	1,028,821	-	-	1,028,821
Dry Creek Reservoir	6,293,616	-	-	6,293,616
Construction in progress	828,691	1,232,765	(243,821)	1,817,635
Total capital assets, not being depreciated	55,688,109	17,944,415	(243,821)	73,388,703
Capital assets, being depreciated:				
Distribution system	61,824,319	683,071	-	62,507,390
Carter Lake Filter Plant improvements	9,076,405	370,588	-	9,446,993
Dry Creek Reservoir Dam	7,432,221	-	-	7,432,221
Buildings and improvements	692,950	-	-	692,950
Vehicles and equipment	1,462,980	219,412	-	1,682,392
Intangible assets	157,481	-	-	157,481
Total capital assets, being depreciated	80,646,356	1,273,071	-	81,919,427
Less accumulated depreciation for:				
Distribution system	(23,258,816)	(1,219,585)	-	(24,478,401)
Carter Lake Filter Plant improvements	(1,381,965)	(197,513)	-	(1,579,478)
Dry Creek Reservoir Dam	(594,578)	(74,322)	-	(668,900)
Buildings and improvements	(377,201)	(35,611)	-	(412,812)
Vehicles and equipment	(1,083,703)	(106,770)	-	(1,190,473)
Intangible assets	(64,429)	(15,748)	-	(80,177)
Total accumulated depreciation	(26,760,692)	(1,649,549)	-	(28,410,241)
Total capital assets, being depreciated, net	53,885,664	(376,478)	-	53,509,186
Total capital assets, net	\$109,573,773	\$ 17,567,937	\$ (243,821)	\$ 126,897,889

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

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

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

6. Long-Term Debt

On March 14, 2017, the District issued \$5,873,339 in water revenue refunding bonds with an interest rate of 2.36% to redeem the remaining portion of the 2004 and 2006 Colorado Water Conservation Board's loan payables (classified as a current refunding). The deferred loss on refunding of \$97,009 is the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as a deferred outflow of resources, will be charged to operations through 2027 using the effective-interest method. The District refunded the 2004 and 2006 loans to reduce its total debt service payments over the next 10 years by \$450,699 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$395,241.

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

On December 7, 2017, the District issued \$3,360,638 in water revenue refunding bonds with an interest rate of 2.30% to redeem the remaining portion of the 2006 Colorado Water Resource and Power Development Authority loan payable (classified as a current refunding). The deferred loss on refunding of \$23,533 is the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as a deferred outflow of resources, will be charged to operations through 2027 using the effective-interest method. The District refunded the 2006 loan to reduce its total debt service payments over the next 10 years by \$356,624 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$319,362.

A summary of the District's long-term debt as of December 31, 2017 and 2016, is as follows:

December 31,	2017	2016
Revenue Bonds		
\$5,500,000 October 19, 2011, water revenue refunding bonds, Series 2011 due in principal installments of \$615,000 in 2016 with additional increases through 2021; interest at 3.0% to 4.0%. The bonds are special revenue obligations of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. Accrued interest on these bonds is \$7,463 and \$7,867 at December 31, 2017 and 2016, respectively.	\$ 1,955,000	\$ 2,585,000
\$4,905,000 December 15, 2014, water revenue refunding bonds, Series 2014 due in principal installments of \$740,000 in 2016 with increases through 2020; interest at 1.65%. The bonds are special revenue obligations of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. Accrued interest on these bonds is \$1,964 and \$2,503 at December 31, 2017 and 2016, respectively.	2,715,000	3,460,000

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

Loans Payable

\$3,937,500 December 1, 2004, loan payable to the Colorado Water Conservation Board ("CWCB") due in principal installments of \$180,720 in 2016, interest at 4.05%. Revenues of the District are pledged in an amount sufficient to pay the annual amounts due under the loan contract. This loan was paid in full during 2017 in connection with the issuance of the water revenue refunding note, Series 2017A. Accrued interest payable is \$-0- and \$26,535 at December 31, 2017 and 2016, respectively. - 2,542,547

\$6,383,774 April 1, 2006, Colorado Water Resource and Power Development Authority ("CWR&PDA") Loan due in principal installments of \$296,726 in 2016, interest at 3.65%. The loan is a special revenue obligation of the District, payable from water rates, fees, standby charges and other charges from the use and operation of the system and from other funds of the system legally available after the payment of operations and maintenance expenses of the system. This loan was paid in full during 2017 in connection with the issuance of water revenue refunding note, Series 2017B. Accrued interest on this loan is \$-0- and \$10,782 at December 31, 2017 and 2016, respectively. - 3,593,991

\$4,994,955 February 21, 2006, loan payable to the CWCB, due in principal installments of \$231,989 in 2016, interest at 3.60%. Revenues of the District are pledged in an amount sufficient to pay the annual amounts due under the loan contract. This loan was paid in full during 2017 in connection with the issuance of the water revenue refunding note, Series 2017A. Accrued interest payable is \$-0- and \$29,356 at December 31, 2017 and 2016, respectively. - 3,174,916

\$5,873,339 March 14, 2017, water revenue refunding note, Series 2017A due in principal installments of \$542,036 in 2017 with additional increases through 2027; interest at 2.36%. The bonds are special revenue obligations of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. Accrued interest on these bonds is \$10,341 and \$-0- at December 31, 2017 and 2016, respectively. 5,331,303 -

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

\$3,360,638 December 7, 2017, water revenue refunding note, Series 2017B due in principal installments of \$-0- in 2017 with additional increases through 2027; interest at 2.30%. The bonds are special revenue obligations of the District, payable from all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof less all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining and repairing the System. Accrued interest on these bonds is \$6,516 and \$-0- at December 31, 2017 and 2016, respectively.

	3,360,638	-
Total Bonds and Loans Payable	\$ 13,361,941	\$ 15,356,454

A summary of changes in debt is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds					
2011	\$ 2,585,000	\$ -	\$ (630,000)	\$ 1,955,000	\$ 650,000
2014	3,460,000	-	(745,000)	2,715,000	755,000
Loans Payable					
2004 CWCB	2,542,547	-	(2,542,547)	-	-
2006 CWCB	3,174,916	-	(3,174,916)	-	-
2006 CWR&PDA	3,593,991	-	(3,593,991)	-	-
2017A	-	5,873,339	(542,036)	5,331,303	478,859
2017B	-	3,360,638	-	3,360,638	321,516
Compensated Absences	206,893	220,719	(210,347)	217,265	-
Total	\$ 15,563,347	\$ 9,454,696	\$(11,438,837)	\$ 13,579,206	\$ 2,205,375
Current portion of long term debt	(2,105,653)			(2,205,375)	
Net bond premiums	29,070	-	(10,498)	18,572	-
Noncurrent portion of long term debt	\$ 13,486,764			\$ 11,392,403	

The annual requirements to amortize all debt outstanding as of December 31, 2017, are as follows:

Year Ending December 31,	Annual Maturities	Interest	Total Payment
2018	\$ 2,205,375	\$ 314,752	\$ 2,520,127
2019	2,257,811	263,734	2,521,545
2020	2,337,414	208,432	2,545,846
2021	1,181,564	156,791	1,338,355
2022	876,618	123,737	1,000,355
2023 - 2027	4,503,159	301,022	4,804,181
Totals	\$ 13,361,941	\$ 1,368,468	\$ 14,730,409

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

Defeased Bond and Loan Issues - As a result of in-substance defeasance transactions, the following outstanding revenue bond and loan issues are not shown on the statement of net position at December 31, 2017 and 2016:

	2017	2016
Series 2000 Water Revenue Bonds	\$ 2,890,000	\$ 3,635,000
Series 2002 Water Revenue Bonds	1,290,000	1,580,000
Series 2004 Water Revenue Bonds	2,760,000	3,485,000
Total	\$ 6,940,000	\$ 8,700,000

7. Rate Maintenance

The 2017 bond resolutions requires the District to establish, maintain, enforce, and collect rates, fees, District investment fees, availability fees, tolls, and charges for services furnished by or from the use of the system to generate gross revenue each fiscal year sufficient to pay operation and maintenance expenses, as defined, and to create Net Revenue, as defined, in an amount equal to not less than 110% of the amount necessary to pay when due, the principal of and interest on the First Lien Bond, the Bonds, and any Parity Lien Bonds, as defined, coming due during such fiscal year.

2017 principal paid	\$	542,036
2017 interest paid		98,953
Subtotal		640,989
	x	110%
Required net revenue as defined in 2017A and 2017B resolutions	\$	705,088

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

2017 principal paid	\$	745,000
2017 interest paid		57,090
Subtotal		802,090
	x	125%
Required net revenue as defined in 2014 bond resolution	\$	1,002,613

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

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

Net revenue as defined in 2014 and 2017 Agreements	
Operating revenues	\$ 8,945,396
Tap fees/water rights	6,229,775
Subtotal	15,175,171
Operating expenses (excluding depreciation expense)	(5,713,627)
Net revenue as defined in 2014 and 2017 resolutions	\$ 9,461,544

8. Pension Plan

The District has adopted a defined contribution pension plan administered by Colorado County Officials and Employees Retirement Association ("CCOERA") which provides pension benefits for all full time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The covered payroll was \$1,559,055 and \$1,610,925 for the years ended December 31, 2017 and 2016, respectively. All employees are eligible to participate in the plan after they have been employed for one year and worked for a minimum 32 hours per week or 1,000 hours per year.

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

The District contributed \$77,564 and \$80,546 to the plan for covered employees during the years ended December 31, 2017 and 2016, respectively.

9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

10. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

Little Thompson Water District
Notes to Financial Statements
December 31, 2017 and 2016

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District is an enterprise fund and has no TABOR revenues and therefore has not set aside any monies for emergencies as defined by TABOR.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

11. Subsequent Events

The District evaluated subsequent events through April 13, 2018, the date these financial statements were available to be issued. There were no other material subsequent events that require recognition or additional disclosure.

Supplementary Information

Little Thompson Water District

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

<i>For the Years Ended December 31,</i>	2017		2016		
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final	Budget Basis	Positive (Negative)	Budget Basis
Revenues					
Operating revenues:					
Water sales	\$ 7,740,940	\$ 7,740,940	\$ 8,454,686	\$ 713,746	\$ 8,140,794
Tap installation	67,000	67,000	141,401	74,401	102,729
Miscellaneous	283,100	435,600	349,309	(86,291)	77,857
Total operating revenues	8,091,040	8,243,540	8,945,396	701,856	8,321,380
Non-operating revenues:					
Earnings on investments	60,000	60,000	54,329	(5,671)	56,361
Miscellaneous	86,950	86,950	215,861	128,911	87,044
Windy Gap Firing Revenue	670,000	757,633	-	(757,633)	-
Grant revenue	-	-	-	-	6,265
Proceeds from sale of capital assets	-	-	-	-	28,611
Total non-operating revenues	816,950	904,583	270,190	(634,393)	178,281
Debt proceeds	-	9,175,722	9,233,977	58,255	-
Contributions:					
Tap fees/water rights	1,414,800	5,312,800	6,229,775	916,975	3,401,677
Total revenues	10,322,790	23,636,645	24,679,338	1,042,693	11,901,338
Expenditures					
Distribution:					
Maintenance and operation	796,100	796,100	1,054,938	(258,838)	921,592
Vehicle expense	68,000	68,000	62,835	5,165	59,176
Water quality	20,460	20,460	39,941	(19,481)	33,748
Total distribution	884,560	884,560	1,157,714	(273,154)	1,014,516

Continued.

Little Thompson Water District

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

<i>For the Years Ended December 31,</i>	2017		2016		
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final	Budget Basis	Positive (Negative)	Budget Basis
Administration and general:					
Building and grounds expense	51,400	51,400	66,928	(15,528)	58,263
Computer expense	133,000	133,000	134,944	(1,944)	90,982
Farm Expense	2,000	2,000	1,760	240	1,090
Insurance	87,300	87,300	79,870	7,430	97,292
Memberships	8,100	8,100	10,464	(2,364)	13,306
Miscellaneous	-	-	9,572	(9,572)	14,967
Office service contracts	133,900	133,900	107,612	26,288	129,001
Office expense	57,870	57,870	66,224	(8,354)	67,172
Professional fees	43,250	43,250	24,874	18,376	42,594
Public relations	18,400	18,400	14,817	3,583	33,016
Safety and training expense	37,800	37,800	53,199	(15,399)	35,126
Telephone and communications	33,650	33,650	39,535	(5,885)	33,855
Uniforms	13,100	13,100	11,974	1,126	11,371
Soil Amendments	-	60,000	-	60,000	-
Landscaping incentives	-	30,000	-	30,000	-
Total administration and general	619,770	709,770	621,773	87,997	628,035
Engineering:					
Engineering/CAD/professional fees	2,600	2,600	46,129	(43,529)	18,203
Mapping and updates	11,600	11,600	5,178	6,422	1,031
Water conservation	20,000	20,000	7,483	12,517	22,205
Soil rebates	-	-	1,000	(1,000)	1,000
Landscaping incentives	-	-	1,000	(1,000)	250
Engineering department expenses	140,300	140,300	3,294	137,006	1,465
Total engineering	174,500	174,500	64,084	110,416	44,154

Continued.

Little Thompson Water District

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

<i>For the Years Ended December 31,</i>	2017		2016		
	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)	Actual Amounts Budget Basis
	Original	Final			
Administration	648,182	648,182	601,157	47,025	765,340
Board	12,050	12,050	8,612	3,438	9,513
Distribution	1,141,625	1,141,625	1,168,928	(27,303)	1,035,231
Engineering	605,100	605,100	617,057	(11,957)	644,796
Total employee costs	2,406,957	2,406,957	2,395,754	11,203	2,454,880
Carter Lake Filter Plant and Dry Creek Reservoir joint operating costs:					
Filter plant operating expense	814,431	814,431	920,548	(106,117)	1,024,466
Dry Creek reservoir operating expense	35,170	35,170	22,165	13,005	22,948
Total Carter Lake Filter Plant and Dry Creek Reservoir joint operating costs	849,601	849,601	942,713	(93,112)	1,047,414
Water assessments and rentals:					
Purchased water expense	546,735	546,735	531,589	15,146	441,377
Total water assessments and rentals	546,735	546,735	531,589	15,146	441,377
Debt service:					
Principal retired	2,105,653	11,281,375	11,228,490	52,885	2,064,436
Interest	494,036	494,036	498,876	(4,840)	548,415
Debt issuance costs	-	-	92,605	(92,605)	-
Total debt service	2,599,689	11,775,411	11,819,971	(44,560)	2,612,851
Capital improvement:					
Plant and equipment	2,858,725	10,783,858	9,890,850	893,008	2,417,457
Total capital improvement	2,858,725	10,783,858	9,890,850	893,008	2,417,457

Continued.

Little Thompson Water District

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

<i>For the Years Ended December 31,</i>			2017		2016
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
			Budget	Positive	Budget
			Basis	(Negative)	Basis
Total expenditures	10,940,537	28,131,392	27,424,448	706,944	10,660,684
Excess (deficiency) of budgeted revenues over budgeted expenditures	\$ (617,747)	\$ (4,494,747)	(2,745,110)	\$ 1,749,637	1,240,654
Reconciling items to GAAP basis					
Capital improvements			9,890,850		2,417,457
Principal paid on debt			11,228,490		2,064,436
Debt proceeds			(9,233,977)		-
Depreciation			(1,649,549)		(1,570,803)
Contributed capital assets			9,082,815		14,041,680
Joint venture income (loss)			(119,921)		80,287
Change in accrued interest expense			50,759		7,150
Amortization of deferred loss and premiums on refunding bonds			(48,460)		(95,667)
Change in net position			\$ 16,455,897		\$ 18,185,194

See accompanying Independent Auditor's Report.