

**CENTRAL COLORADO
WATER CONSERVANCY DISTRICT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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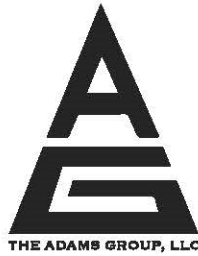
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July 28, 2018

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Colorado Water Conservancy District
Greeley, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Central Colorado Water Conservancy District (the "District"), as of and for the year then ended December 31, 2017, 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.

Auditors' 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 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 auditors' 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 governmental activities, the business-type activities and each major fund of the District as of December 31, 2017, 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.

Emphasis of a Matter

Correction of Errors

As described in Note 13 to the financial statements, the District determined that certain penalties related to a construction contract should have been assessed in prior years. As a result, net assets for the Governmental Activities and Ground Water Management Subdistrict of Central Colorado Water Conservancy District Water (GMS) Special Revenue Fund net position was increased \$400,000 for the year ending December 31, 2017. Our opinion is not modified with respect to these matters.

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 4 through 13, budgetary comparison information on pages 51 through 53, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 54, and the Schedule of District Contributions on page 55 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 District's basic financial statements. The individual budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual budgetary schedules are the responsibility of management and were derived from the relate 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Adams Group, LLC

June 15, 2018
Denver, Colorado

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

This section of the annual financial report offers readers of the Central Colorado Water Conservancy District (the "District") financial statements its discussion and analysis of the District's financial performance during the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follows this section.

Background Information

On September 15, 1965, pursuant to the applicable provisions of the "Water Conservancy Act" of the State of Colorado, the District Court in and for Weld County, Colorado, approved the creation and establishment of a water conservancy district to be known as "Central Colorado Water Conservancy District." The principal purpose of the District is to provide for the conservation of the water resources of the State of Colorado for the greatest beneficial use of water within this state and the territory within the District. The District includes two blended component units, the Ground Water Management Subdistrict of Central Colorado Water Conservancy District ("GMS"), and the Well Augmentation Subdistrict of Central Colorado Water Conservancy District ("WAS"), within its reporting entity.

Financial Highlights

- The District's financial status increased over the course of the 2017 fiscal year, with total net position increasing by \$8,498,642.
- Total revenues decreased by \$583,515, in the 2017 calendar year.
- The District had \$10,796,045 in expenses, with the major categories being professional services, water leases and assessments, and administration.
- Outlays for capital assets were primarily equipment purchases and repairs caused by the 2013 flood, and new bond construction projects being started. See the capital assets section of this management's discussion and analysis for more information.
- The District's debt increased by \$2,578,642 for the year ended December 31, 2017.

Overview of the Financial Statements

This annual financial report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services were financed in the short-term, as well as what remains for future spending.

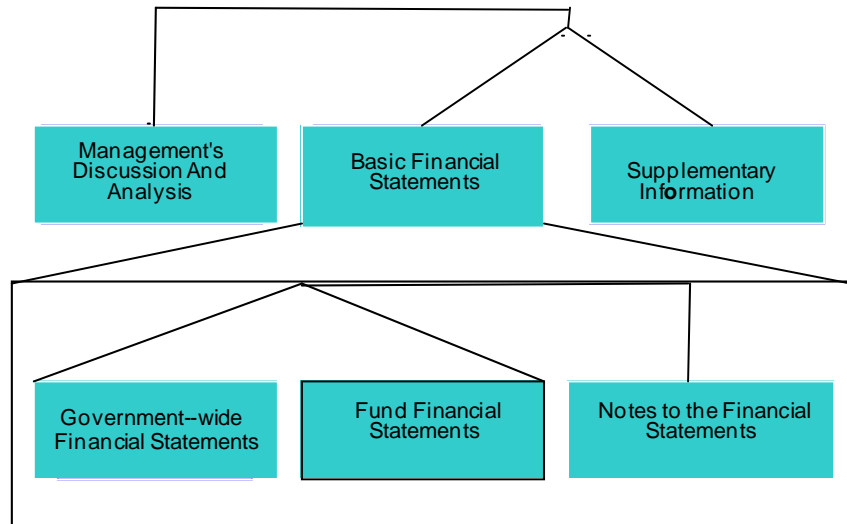
The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

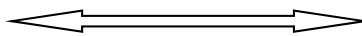
Detailed in the following diagram is how the various parts of this annual report are arranged and relate to one another.

Table 1

**Organization of the Central Colorado Water
Conservancy District's Annual Financial Report**



SUMMARY



DETAIL

Table 2 displayed on the following page, summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two types of financial statements, government-wide and fund financial statements.

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Table 2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District	Activities the District operates similar to private businesses
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the District's overall financial status. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the categories reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors, such as the condition of water projects, buildings and equipment.

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). Included in governmental activities are most of the District's basic services.

The basic government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- *Governmental funds:* The District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The District maintains five individual governmental funds. Included in the required supplementary information section is budget-to-actual information for the general and two major special revenue funds.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise funds to account for its business-type activities in the District and the two Subdistricts.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-50 of this report.

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Financial Analysis of the District as a Whole

Net position and Changes in Net position

The District's combined net position was larger on December 31, 2017, than it was the year before, increasing 12% to \$58,919,080. Table 3 provides a summary of the District's net position at December 31, 2017.

**Table 3
Condensed Statement of Net Position**

	2017			2016
	Governmental Activities	Business-type Activities	Totals	RESTATED Totals
Assets				
Current assets	\$ 56,681,099	\$ 3,541,876	\$ 60,222,975	\$ 43,165,618
Capital assets, net	69,298,188	3,208,047	72,506,235	79,556,441
Total assets	125,979,287	6,749,923	132,729,210	122,722,059
Deferred outflows of resources				
Deferred outflows of resources related to pensions	439,193	149,922	589,115	414,488
Liabilities				
Current liabilities	1,139,075	61,361	1,200,436	7,514,382
Long-term liabilities	58,223,020	3,718,570	61,941,590	53,218,792
Total liabilities	59,362,095	3,779,931	63,142,026	60,733,174
Deferred inflows of resources				
Deferred inflows of resources related to pensions	4,269	1,457	5,726	27,661
Unearned revenue - property taxes	11,025,787	225,706	11,251,493	9,600,170
Total deferred inflows of resources	11,030,056	227,163	11,257,219	9,627,831
Net position				
Net investment in capital assets	27,328,387	(6,661)	27,321,726	20,822,314
Restricted	24,182,978	-	24,182,978	21,148,489
Unrestricted	4,514,964	2,899,412	7,414,376	10,804,739
Total net position at December 31,	\$ 56,026,329	\$ 2,892,751	\$ 58,919,080	\$ 52,775,542

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Table 4 provides a summary of the changes in net position.

**Table 4
Changes in Net Position from Operating Results**

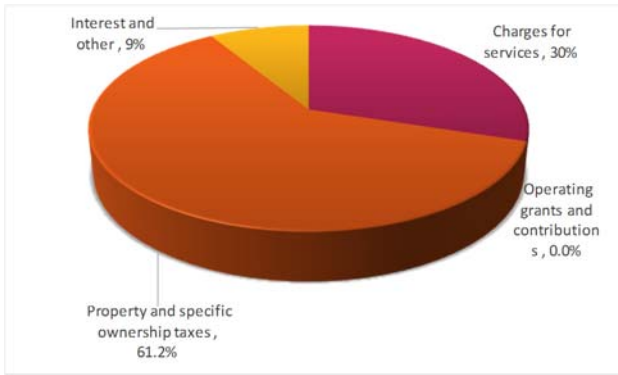
	2017			2016
	Governmental Activities	Business-type Activities	Totals	RESTATED Totals
Revenues				
Program revenues				
Charges for services	\$ 2,068,185	\$ 2,981,589	\$ 5,049,774	\$ 2,742,893
Capital grants and contributions	43,423	-	43,423	364,619
General revenues				
Taxes	10,180,744	192,687	10,373,431	13,452,282
Earnings on investments	388,235	17,452	405,687	140,502
Other	298,618	175,650	474,268	229,802
Total revenues	12,979,205	3,367,378	16,346,583	16,930,098
Expenses				
Personnel	943,630		943,630	907,370
Travel	17,281		17,281	21,611
Maintenance	1,726,094		1,726,094	840,558
Supplies	135,116		135,116	118,766
Professional fees	1,490,648		1,490,648	1,015,286
Business meals	13,070		13,070	10,904
Water leases and assessments	1,497,986		1,497,986	961,840
Other	853,382		853,382	942,649
Interest	1,657,579		1,657,579	1,689,386
Water enterprise	-	2,461,259	2,461,259	1,693,217
Total expenses	8,334,786	2,461,259	10,796,045	8,201,587
Special Item	593,000	-	593,000	-
Increase in net position	\$ 5,237,419	\$ 906,119	\$ 6,143,538	\$ 8,728,511

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Table 5

Sources of Revenues (including the Subdistricts)

2017 District Revenues



2016 District Revenues

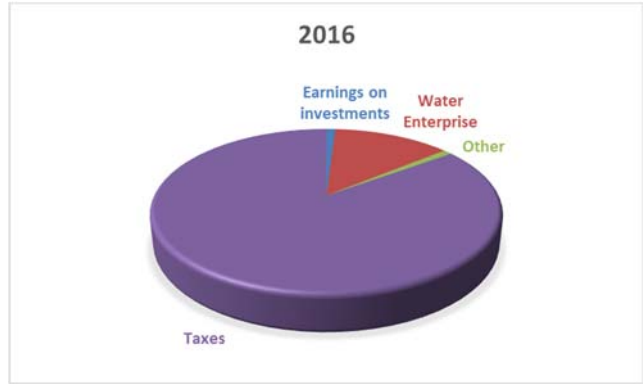
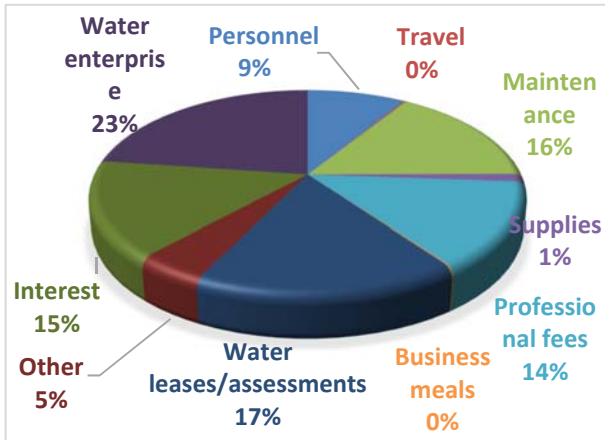


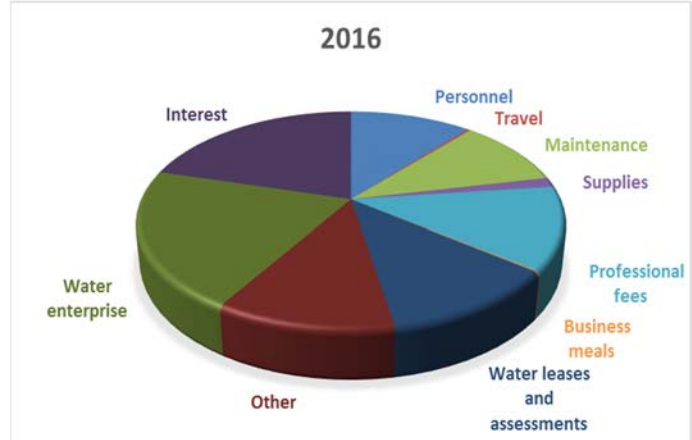
Table 6

Expenses (including the Subdistricts)

2017 District Expenses



2016 District Expenses



**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Governmental Activities

The governmental funds monitor cash resources and expenditures.

Table 7 reflects the program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**Table 7
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
Personnel	\$ 943,630	\$ (943,630)
Travel	17,281	(17,281)
Maintenance	1,726,094	(1,682,671)
Supplies	135,116	(135,116)
Professional fees	1,490,648	(1,490,648)
Business meals	13,070	(13,070)
Water leases and assessments	1,858,103	210,082
Other	493,265	(493,265)
Interest	1,657,579	(1,657,579)
Total	\$ 8,334,786	\$ (6,223,178)

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Financial Analysis of District's Funds

General Fund

The general fund was established and is continually funded to provide for the daily activities, salaries, expenses, and operating costs of the District. This fund provides for functional areas of the organization - administration, water quality, and gravel pit reservoirs. The general fund also provides for such other items as insurance, utilities, and other costs the District incurs. The primary funding source for the general fund is taxation of real property. The primary projects or program efforts for establishing needed funding during 2017 were:

1. Salaries and benefits for all existing full-time personnel of the District.
2. Normal operational costs of the District.
3. Maintenance of the gravel pit reservoirs.
4. Water quality projects.
5. Capital repairs resulting from the 2013 flood.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements.

Capital Assets

At year-end, the District, WAS, and GMS had capital assets totaling \$72,506,235 an increase of \$9,088,054 from December 31, 2016. More detailed information about the District's capital assets are presented in Note 4 to the financial statements.

	2017			2016		% of Change 2014-2013
	Governmental Activities	Business-type Activities	Total	Total		
Perpetual easements	\$ 489,941	\$ -	\$ 489,941	\$ 489,941	0.0%	
Water rights	22,400,211	863,650	23,263,861	23,103,860	0.7%	
Land	1,203,442	-	1,203,442	2,868,442	-58.0%	
Construction in progress	3,394,569	-	3,394,569	8,846,351	-61.6%	
Office building and improvements	195,709	-	195,709	183,872	6.4%	
Water projects	40,293,355	2,344,397	42,637,752	26,739,070	59.5%	
Equipment and vehicles	1,320,961	-	1,320,961	1,186,645	11.3%	
Total	\$ 69,298,188	\$ 3,208,047	\$ 72,506,235	\$ 63,418,181		

Long-Term Debt

At year-end, the District, WAS and GMS had \$57,961,913 in outstanding loans from the Colorado Water Conservation Board ("CWCB"), a general obligation bond, and a capital lease obligation, an increase of \$588,642 from the previous year, as shown in Table 9. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

**Central Colorado Water Conservancy District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

**Table 9
Outstanding Long-Term Debt**

	Total District		% of Change 2016-2017
	2017	2016	
Governmental Activities:			
CWCB loans	\$ 29,873,087	\$ 27,888,042	7.1%
General obligation bonds	26,856,787	27,880,803	-3.7%
Compensated absences and other	17,331	80,276	-78.4%
Capital lease obligation	-	508,050	-100.0%
	<u>\$ 56,747,205</u>	<u>\$ 56,357,171</u>	
Business-type Activities			
Capital lease obligation	<u>\$ 3,214,708</u>	<u>\$ 1,016,100</u>	216.4%

Colorado Revised Statute 37-5-102 (2)(a)(I), states that a water conservancy district shall have a limit of bonded indebtedness determined by a specific formula. The District's outstanding debt is below this limit.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

Central Colorado Water Conservancy's District's 2018 budget provides for property tax revenue of \$5,810,752 (based on an assessed valuation for the District, of \$3,228,195,442 and a mill levy of 1.800 mills) with budget expenditures of \$24,091,174. The property taxes together with fund balance carryover and the remainder of the \$30,000,000 in bond funds will cover budgeted expenditures.

Ground Water Management Subdistrict of Central Colorado Water Conservancy District's 2018 budget provides for property tax revenue of \$2,738,396 (based on an assessed valuation for the District, of \$2,023,944,073 and a mill levy of 1.353 mills) with budget expenditures of \$15,628,313. The property taxes together with fund balance carryover should be able to fund budgeted expenditures.

Well Augmentation Subdistrict of Central Colorado Water Conservancy District's 2018 budget provides for property tax revenue of \$2,702,345 (based on an assessed valuation for the District of \$299,927,267 and a mill levy of 9.010 mills) with budget expenditures of \$7,759,304. The property taxes together with fund balance carryover should be able to fund budgeted expenditures.

Contacting the District's Financial Management

This financial report is designed to provide the District's taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Central Colorado Water Conservancy District at 3209 West 28th Street, Greeley, Colorado 80634.

BASIC FINANCIAL STATEMENTS

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 34,067,304	\$ 2,480,377	\$ 36,547,681
Receivables	11,339,627	645,934	11,985,561
Deposits	30,000	-	30,000
Internal balances	(109,997)	109,997	-
Prepaid items	141,667	305,568	447,235
Cash and investments-restricted	11,212,498	-	11,212,498
Capital assets, not being depreciated	27,488,161	863,650	28,351,811
Capital assets, net of accumulated depreciation	41,810,027	2,344,397	44,154,424
Total assets	<u>125,979,287</u>	<u>6,749,923</u>	<u>132,729,210</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>439,193</u>	<u>149,922</u>	<u>589,115</u>
LIABILITIES			
Accounts payable	607,163	37,810	644,973
Accrued interest payable	495,227	23,551	518,778
Retainage payable	36,453	-	36,453
Noncurrent liabilities			
Net pension liability	1,476,047	503,862	1,979,909
Due within one year	2,045,382	400,661	2,446,043
Due in more than one year	54,701,823	2,814,047	57,515,870
Total liabilities	<u>59,362,095</u>	<u>3,779,931</u>	<u>63,142,026</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	4,269	1,457	5,726
Unavailable revenue-property taxes	11,025,787	225,706	11,251,493
Total deferred inflows of resources	<u>11,030,056</u>	<u>227,163</u>	<u>11,257,219</u>
NET POSITION			
Net investment in capital assets	27,328,387	(6,661)	27,321,726
Restricted	24,182,978	-	24,182,978
Unrestricted	4,514,964	2,899,412	7,414,376
Total net position	<u>\$ 56,026,329</u>	<u>\$ 2,892,751</u>	<u>\$ 58,919,080</u>

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

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental activities:						
Personnel	\$ 943,630	\$ -	\$ -	\$ (943,630)	\$ -	\$ (943,630)
Travel	17,281	-	-	(17,281)	-	(17,281)
Maintenance	1,726,094	-	43,423	(1,682,671)	-	(1,682,671)
Supplies	135,116	-	-	(135,116)	-	(135,116)
Professional	1,490,648	-	-	(1,490,648)	-	(1,490,648)
Business meals	13,070	-	-	(13,070)	-	(13,070)
Water purchases	1,497,986	2,068,185	-	570,199	-	570,199
Utilities	198,673	-	-	(198,673)	-	(198,673)
Augmentation plan	161,444	-	-	(161,444)	-	(161,444)
Other	493,265	-	-	(493,265)	-	(493,265)
Interest on long-term debt	1,657,579	-	-	(1,657,579)	-	(1,657,579)
Total governmental activities	<u>8,334,786</u>	<u>2,068,185</u>	<u>43,423</u>	<u>(6,223,178)</u>	<u>-</u>	<u>(6,223,178)</u>
Business-type activities						
Water Enterprise Fund-District	55,268	1,154,225	-	-	1,098,957	1,098,957
Water Enterprise Fund-WAS	-	62,311	-	-	62,311	62,311
Water Enterprise Fund-GMS	2,405,991	1,765,053	-	-	(640,938)	(640,938)
Total business-type activities	<u>2,461,259</u>	<u>2,981,589</u>	<u>-</u>	<u>-</u>	<u>520,330</u>	<u>520,330</u>
 Total primary government	 <u>\$ 10,796,045</u>	 <u>\$ 5,049,774</u>	 <u>\$ 43,423</u>	 <u>(6,223,178)</u>	 <u>520,330</u>	 <u>(5,702,848)</u>

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

General revenues:			
Taxes	10,180,744	192,687	10,373,431
Investment earnings	388,235	17,452	405,687
Other	298,618	175,650	474,268
Special item	593,000	-	593,000
Total general revenues and speical item	<u>11,460,597</u>	<u>385,789</u>	<u>11,846,386</u>
Change in net position	5,237,419	906,119	6,143,538
Net position - Beginning-Restated	<u>50,788,910</u>	<u>1,986,632</u>	<u>52,775,542</u>
Net position - Ending	<u>\$ 56,026,329</u>	<u>\$ 2,892,751</u>	<u>\$58,919,080</u>

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General District	Special Revenue	
		WAS	GMS
ASSETS			
Cash and investments	\$ 6,555,048	\$ 1,993,917	\$ 3,249,357
Cash and investments-restricted	9,756,624	-	-
Accounts receivable	61,879	204,915	14,412
Deposits	5,000		25,000
Due from other funds	200,980	-	-
Property taxes receivable	1,796,026	752,873	1,008,551
Prepaid expenses	1,825	134,653	5,189
Total assets	<u>\$18,377,382</u>	<u>\$ 3,086,358</u>	<u>\$ 4,302,509</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 576,651	\$ 20,528	\$ 9,984
Due to other funds	-	62,311	11,218
Due to District	-	197,306	1,631
Retainage payable	36,453	-	-
Total liabilities	<u>613,104</u>	<u>280,145</u>	<u>22,833</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable grant revenues	50,587	202,350	-
Unavailable revenue-property taxes and assessments	1,796,026	752,873	1,008,551
Total deferred inflows of resources	<u>1,846,613</u>	<u>955,223</u>	<u>1,008,551</u>
FUND BALANCES			
Nonspendable			
Prepaid expenses	1,825	134,653	5,189
Restricted			
Emergency reserves	344,660	90,784	28,555
Debt service	-	-	-
Assigned			
Subdistricts	-	1,625,553	3,237,381
Unassigned	15,571,180	-	-
Total fund balances	<u>15,917,665</u>	<u>1,850,990</u>	<u>3,271,125</u>
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$18,377,382</u>	<u>\$ 3,086,358</u>	<u>\$ 4,302,509</u>

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

<u>District</u>	<u>Debt Service Fund</u>		<u>Total Governmental Funds</u>
	<u>WAS</u>	<u>GMS</u>	
\$ 10,936,761	\$ 4,889,562	\$ 6,442,659	\$ 34,067,304
-	499,478	956,396	11,212,498
23,383	2,772	6,479	313,840
-	-	-	30,000
-	-	-	200,980
3,899,651	1,949,472	1,619,214	11,025,787
-	-	-	141,667
<u>\$14,859,795</u>	<u>\$ 7,341,284</u>	<u>\$ 9,024,748</u>	<u>\$ 56,992,076</u>

\$ -	\$ -	\$ -	\$ 607,163
23,330	-	9,357	106,216
-	5,824	-	204,761
-	-	-	36,453
<u>23,330</u>	<u>5,824</u>	<u>9,357</u>	<u>954,593</u>

-	-	-	252,937
3,899,651	1,949,472	1,619,214	11,025,787
<u>3,899,651</u>	<u>1,949,472</u>	<u>1,619,214</u>	<u>11,278,724</u>

-	-	-	141,667
-	-	-	463,999
10,936,814	5,385,988	7,396,177	23,718,979
-	-	-	4,862,934
-	-	-	15,571,180
<u>10,936,814</u>	<u>5,385,988</u>	<u>7,396,177</u>	<u>44,758,759</u>

<u>\$14,859,795</u>	<u>\$ 7,341,284</u>	<u>\$ 9,024,748</u>	<u>\$ 56,992,076</u>
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**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2017**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - Total governmental funds	\$ 44,758,759
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	69,298,188
The proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to their participation in the Colorado Public Employees' Retirement Association is not recorded in governmental funds but is recorded in the statement of net position.	(1,041,123)
A portion of the receivables related to federal grants are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are not recognized as revenue in the governmental funds.	252,937
Accrued interest payable is not included in the funds.	(495,227)
Noncurrent liabilities, including capital leases and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(56,747,205)</u>
Net position of governmental activities	<u><u>\$ 56,026,329</u></u>

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

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	General District	Special Revenue	
		WAS	GMS
REVENUES			
Taxes	\$ 2,118,052	\$ 520,285	\$ 981,662
Water assessments	617,500	1,450,685	-
Investment income	161,673	16,653	24,992
Grant revenue	43,423	-	-
Miscellaneous	18,474	42,879	237,265
Total revenues	<u>2,959,122</u>	<u>2,030,502</u>	<u>1,243,919</u>
EXPENDITURES			
Current			
Operating expenses	2,232,251	1,972,644	789,346
Debt service			
Principal	-	655,500	-
Interest	-	5,851	-
Capital outlay	9,299,847	392,131	162,471
Total expenditures	<u>11,532,098</u>	<u>3,026,126</u>	<u>951,817</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,572,976)</u>	<u>(995,624)</u>	<u>292,102</u>
OTHER FINANCING SOURCES (USES)			
Sale of general capital assets	1,438,057	-	-
Proceeds from the issuance of debt	2,355,104	754,255	-
Total other financing sources (uses)	<u>3,793,161</u>	<u>754,255</u>	<u>-</u>
SPECIAL ITEMS	<u>-</u>	<u>243,000</u>	<u>350,000</u>
NET CHANGE IN FUND BALANCES	(4,779,815)	1,631	642,102
FUND BALANCES - BEGINNING OF YEAR-RESTATED	<u>20,697,480</u>	<u>1,849,359</u>	<u>2,629,023</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 15,917,665</u></u>	<u><u>\$ 1,850,990</u></u>	<u><u>\$ 3,271,125</u></u>

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

District	Debt Service Fund		Total Governmental Funds
	WAS	GMS	
\$ 3,900,698	\$ 1,043,685	\$ 1,616,362	\$ 10,180,744
-	-	-	2,068,185
86,884	41,844	56,189	388,235
-	-	-	43,423
-	-	-	298,618
<u>3,987,582</u>	<u>1,085,529</u>	<u>1,672,551</u>	<u>12,979,205</u>
58,856	15,727	24,292	5,093,116
975,000	394,499	577,366	2,602,365
994,362	376,052	379,030	1,755,295
-	-	-	9,854,449
<u>2,028,218</u>	<u>786,278</u>	<u>980,688</u>	<u>19,305,225</u>
<u>1,959,364</u>	<u>299,251</u>	<u>691,863</u>	<u>(6,326,020)</u>
-	-	-	1,438,057
-	-	-	3,109,359
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,547,416</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>593,000</u>
1,959,364	299,251	691,863	(1,185,604)
<u>8,977,450</u>	<u>5,086,737</u>	<u>6,704,314</u>	<u>45,944,363</u>
<u>\$ 10,936,814</u>	<u>\$ 5,385,988</u>	<u>\$ 7,396,177</u>	<u>\$ 44,758,759</u>

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds \$ (1,185,604)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported net of depreciation expense. This is the amount by which capital outlay exceeded depreciation and loss on disposal of assets in the current period.

Capital outlay	9,854,449
Depreciation	(719,718)
Loss on disposal of assets	(775,272)
Proceeds from sale of assets	(1,438,057)

Changes in the District's proportionate share of the net pension liability, deferred inflows and outflows of resources related to the Colorado Public Employees' Retirement Association for the current year are not reported in governmental funds but are reported in the Statement of Net Position (104,016)

Certain expenses, such as interest expense and compensated absences, reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as an expenditure in the governmental funds 102,130

The issuance of long-term debt (e.g. capital leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from the issuance of debt	(3,109,359)
Payment of loan fees related to CWCB loans	10,501
Principal payments made	<u>2,602,365</u>

Change in net position of governmental activities \$ 5,237,419

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

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2017

	Business-Type Activities Water Enterprise Fund			Total
	District	WAS	GMS	
ASSETS				
Current assets				
Cash and investments	\$ 1,366,699	\$ -	\$ 1,113,678	\$ 2,480,377
Receivables	367,121	-	53,107	420,228
Property taxes receivable	115,075	-	110,631	225,706
Due from other funds	-	62,311	61,641	123,952
Prepaid items	-	-	305,568	305,568
Total current assets	<u>1,848,895</u>	<u>62,311</u>	<u>1,644,625</u>	<u>3,555,831</u>
Noncurrent assets				
Capital assets, not being depreciated	-	-	863,650	863,650
Capital assets, net of accumulated depreciation	-	-	2,344,397	2,344,397
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,208,047</u>	<u>3,208,047</u>
Total assets	<u>1,848,895</u>	<u>62,311</u>	<u>4,852,672</u>	<u>6,763,878</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	-	-	149,922	149,922
LIABILITIES				
Current liabilities				
Accounts payable	823	-	36,987	37,810
Accrued interest payable	-	-	23,551	23,551
Due to other funds	13,955	-	-	13,955
Current portion of capital lease payable	-	-	400,661	400,661
Total current liabilities	<u>14,778</u>	<u>-</u>	<u>461,199</u>	<u>475,977</u>
Noncurrent liabilities				
Net pension liability	-	-	503,862	503,862
Capital lease payable	-	-	2,814,047	2,814,047
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>3,317,909</u>	<u>3,317,909</u>
Total liabilities	<u>14,778</u>	<u>-</u>	<u>3,779,108</u>	<u>3,793,886</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	-	1,457	1,457
Unavailable revenue-property taxes	115,075	-	110,631	225,706
Total deferred inflows of resources	<u>115,075</u>	<u>-</u>	<u>112,088</u>	<u>227,163</u>
NET POSITION				
Net investment in capital assets	-	-	(6,661)	(6,661)
Unrestricted	1,719,042	62,311	1,118,059	2,899,412
Total net position	<u>\$ 1,719,042</u>	<u>\$ 62,311</u>	<u>\$ 1,111,398</u>	<u>\$ 2,892,751</u>

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

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2017

	Business-Type Activities Water Enterprise Fund			Total
	District	WAS	GMS	
OPERATING REVENUES				
Water assessments	\$ 1,154,225	\$ 62,311	\$ 1,750,737	\$ 2,967,273
Water lease revenue	-	-	14,316	14,316
Miscellaneous	6,000	-	169,650	175,650
Total operating revenues	<u>1,160,225</u>	<u>62,311</u>	<u>1,934,703</u>	<u>3,157,239</u>
OPERATING EXPENSES				
General Government	1,633	-	-	1,633
Professional fees	5,888	-	-	5,888
Personnel	-	-	411,813	411,813
Operating expenses	47,747	-	1,914,436	1,962,183
Depreciation expense	-	-	47,898	47,898
Total operating expenses	<u>55,268</u>	<u>-</u>	<u>2,374,147</u>	<u>2,429,415</u>
OPERATING INCOME (LOSS)	<u>1,104,957</u>	<u>62,311</u>	<u>(439,444)</u>	<u>727,824</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,707	-	14,745	17,452
Property taxes	107,067	-	85,620	192,687
Interest expense	-	-	(31,844)	(31,844)
Total nonoperating revenues (expenses)	<u>109,774</u>	<u>-</u>	<u>68,521</u>	<u>178,295</u>
CHANGE IN NET POSITION	1,214,731	62,311	(370,923)	906,119
NET POSITION - BEGINNING OF YEAR	504,311	-	1,482,321	1,986,632
NET POSITION - END OF YEAR	<u>\$ 1,719,042</u>	<u>\$ 62,311</u>	<u>\$ 1,111,398</u>	<u>\$ 2,892,751</u>

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

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
STATEMENT OF CASHFLOWS
PROPRIETARY FUND
Year Ended December 31, 2017

	Business-Type Activities Water Enterprise Fund			Total
	District	WAS	GMS	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 792,571	\$ -	\$ 1,882,296	\$ 2,674,867
Cash received from property taxes	107,600	-	85,620	193,220
Cash paid to suppliers	(34,602)	-	(2,211,776)	(2,246,378)
Cash paid to employees	(5,888)	-	(239,812)	(245,700)
Net cash flows provided (used) by operating activities	<u>859,681</u>	<u>-</u>	<u>(483,672)</u>	<u>376,009</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	<u>2,707</u>	<u>-</u>	<u>14,745</u>	<u>17,452</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital leases	-	-	133,000	133,000
Principal paid on capital debt	-	-	(148,942)	(148,942)
Interest paid on capital debt	-	-	(8,293)	(8,293)
Net cash flows used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(24,235)</u>	<u>(24,235)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	862,388	-	(493,162)	369,226
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR	504,311	-	1,606,840	2,111,151
CASH AND CASH EQUIVALENTS END OF THE YEAR	<u><u>\$ 1,366,699</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,113,678</u></u>	<u><u>\$ 2,480,377</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (loss)	\$ 1,104,957	\$ 62,311	\$ (439,444)	\$ 727,824
Adjustments to reconcile operating income to net cash flows from operating income (loss)				
Depreciation	-	-	47,898	47,898
Related to the pension liability	-	-	172,001	172,001
Property taxes	107,067	-	85,620	192,687
Changes in assets and liabilities				
Receivables	(367,121)	-	(52,407)	(419,528)
Due from other funds	13,955	(62,311)	16,614	(31,742)
Prepaid expenses	-	-	47,251	47,251
Accounts payable	823	-	(361,205)	(360,382)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 859,681</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (483,672)</u></u>	<u><u>\$ 376,009</u></u>
NONCASH TRANSACTIONS				
Capital assets acquired through capital lease	\$ -	\$ -	\$ 2,367,000	\$ 2,367,000
Amounts related to pension liability	-	-	(172,001)	(172,001)

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

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Form of Organization

On September 15, 1965, pursuant to the applicable provisions of the “Water Conservancy Act” of the State of Colorado, the District Court in and for Weld County, Colorado, approved the creation and establishment of a water conservancy district to be known as Central Colorado Water Conservancy District, (The “District”). The principal purpose of the District is to provide for the conservation of the water resources of the State of Colorado for the greatest beneficial use of water within this state and the territory within the District.

Reporting Entity

In evaluating how to define the governmental entity, the District has considered all potential component units. The decision to include or exclude a potential unit was made by applying the criteria defined by Governmental Accounting Standards Board (GASB) Statement No. 14 and Governmental Accounting Standard Board (GASB) Statement No. 61, “The Financial Reporting Entity: Omnibus”. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District.

Based on this criteria, there are two organizations that are considered blended component units of the District, Well Augmentation Subdistrict of Central Colorado Water Conservancy District (“WAS”) and Ground Water Management Subdistrict of Central Colorado Water Conservancy District (“GMS”).

Blended Component Units

WAS was established to conserve the water resources of the State of Colorado for the greatest beneficial use of water within this state to develop a plan of augmentation, which will replace the depletion of the river caused by underground water users in the South Platte River Basin. The fifteen-member Board of Directors is the same as the District’s. The District and the Subdistrict have the same management.

WAS has two governmental funds, the General Fund and Debt Service Fund and one proprietary enterprise fund, the Water Enterprise Fund. The General Fund of WAS is presented as a major special revenue fund of the District, and the Debt Service and Water Enterprise funds are presented pursuant to their function. Separate financial statements of WAS are available from the District’s office.

GMS was established to develop a plan of augmentation, which will replace the depletion of the river caused by underground water users in the South Platte River Basin.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units (Continued)

The fifteen-member Board of Directors is the same as the District's. The District and the Subdistrict have the same management.

GMS has two governmental funds: the General Fund and Debt Service Fund, and one proprietary enterprise fund, the Water Enterprise Fund. The General Fund of GMS is presented as a major special revenue fund of the District, and the Debt Service and Water Enterprise funds are presented pursuant to their function. Separate financial statements of GMS are available from the District's office.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Any fiduciary activities of the District are not included in these statements. For the most part, the effect of interfund activity has been removed from all these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District does not have any nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resource, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those net current assets. These funds use the modified accrual basis of accounting whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 33, *Accounting and Financial Reporting for Non exchange Transactions*, (“GASB No. 33”) the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

Governmental funds are used to account for all or most of a government’s general activities. The following are the District’s major governmental funds:

The *General Fund* is the District’s primary operating fund. It accounts for all the financial resources of the District, except those required to be accounted for in another fund.

WAS Special Revenue Fund- The General Fund of WAS is reported as a special revenue fund of the District. It accounts for all the financial resources of WAS, except for those accounted for in the WAS Debt Service Fund and the WAS Water Enterprise Fund.

GMS Special Revenue Fund- The General Fund of GMS is reported as a special revenue fund of the District. It accounts for all the financial resources of GMS, except for those accounted for in the GMS Debt Service Fund and the GMS Water Enterprise Fund.

The *Debt Service Fund* is used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

WAS Debt Service Fund- The Debt Service Fund of WAS is used to account for the resources accumulated and payments for principal and interest on the long-term debt of its governmental funds.

GMS Debt Service Fund- The Debt Service Fund of GMS is used to account for the resources accumulated and payments for principal and interest on the long-term debt of its governmental funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

An *enterprise fund* is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District's major enterprise funds are the Water Enterprise Fund, the WAS Water Enterprise Fund and the GMS Water Enterprise Fund. These funds account for the financial transactions related to the water enterprise operations of both the District, WAS and GMS.

Budgets

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- By October 15, the District staff submits to the Board of Directors (the "Board"), a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Directors through passage of a formal resolution.
- The District legally adopts budgets for all the funds. Budgets for the governmental and enterprise funds are adopted on a basis consistent with GAAP, except that for the enterprise funds, purchases of capital assets and the payment of principal on debt are budgeted as expenditures.

Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

For the year ended December 31, 2017, the WAS Debt Service Fund and the GMS Water Enterprise Fund incurred expenditures which exceeded the final approved appropriations. This maybe a violation of Colorado State Statutes.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The District has defined cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Investments

Investments are reported at fair value.

Receivables

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2017. Property taxes levied on December 31, 2017 are identified as property taxes receivable and deferred inflows of resources.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position and, classified as due from other funds/due to other funds on the balance sheet and proprietary statements of net position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items and will be reported as expenditures in the following year. Because these assets do not represent current financial resources, these amounts are shown as a nonspendable fund balance in the governmental funds.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements and on the proprietary statements of net position. 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 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 assets or materially extend the asset lives are expensed.

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. Estimated useful lives for asset types are as follows:

	Estimated Lives
Well and ditch improvements	10-75 years
Office building and improvements	15-40 years
Water projects	50-100 years
Equipment and vehicles	5-25 years
Land, easements, water and construction in progress	Not depreciated

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for Deferred Outflows of Resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources include certain amounts related to the District's defined benefit pension plan which is to be amortized and recognized as revenue/expense in future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period and certain amounts related to the District's defined benefit pension plan which is to be amortized and recognized as revenue/expense in future periods.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. Upon termination of employment from the District, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay; there is no payment for sick leave upon termination.

A liability for accrued vacation and compensatory time is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Pensions

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

Long-Term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activity.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, proceeds from debt issuances are reported as other financing sources. Payment on debt and debt costs are reported as debt service expenditures. Debt issuance costs are recognized as expenditures during the period of issuance.

Funds Balance and Net Position

In the government-wide and enterprise fund financial statements, net position is classified in the following categories:

Net Investments in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislations.

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

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the “Board”). The Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has authority to assign amounts for specific purposes.

Unassigned – all other spendable amounts. The General Fund is the only fund that would report a positive unassigned fund balance. However, in government funds other than the General Fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned balance in that fund.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Property Taxes

Property taxes are levied prior to December 31 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November. The County Treasurers' offices collect property taxes and remits to the District on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflows of resources are recorded at December 31. As the tax is collected in the succeeding year, the deferred inflows of resources is recognized as revenue and the receivable is reduced.

Estimates

The presentation 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 revenue and expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

A summary of deposits and investments at December 31, 2017, follows:

Cash on hand	\$ 1,050
Cash deposits	1,830,542
Investments	<u>45,928,587</u>
Total cash and investments	<u>\$ 47,760,179</u>
Cash and investments	\$ 36,547,681
Cash and investments-restricted	<u>11,212,498</u>
Total cash and investments	<u>\$ 47,760,179</u>

Custodial Credit Risk – Deposits - In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The Colorado Public Deposit Protection Act (PDPA), governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions 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, 2017, the District had deposits with a financial institution with a carrying amount of \$1,830,542. The bank balance with the financial institution was \$1,946,413. At December 31, 2017, of the Subdistrict's deposits \$982,369 was covered by the Federal Deposit Insurance Corporation (FDIC), \$964,044 was covered by the PDPA.

Investments:

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit
- Commercial paper rated in the highest tier by a nationally recognized rating agency
- Repurchase agreements
- Investment grade obligations of state, county and local governments and public authorities
- Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of only dollar denominated securities
- Local government investment pools

Credit Risk – The District does not have a specific policy regarding credit risk, but is required to comply with State of Colorado (State) statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

The District and Subdistricts invest funds in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"), an investment vehicle established for local government entities in Colorado to pool surplus funds (pool). At December 31, 2017, the District and Subdistricts have invested \$45,928,587. The State Securities Commissioner administers and enforces all State statutes governing the pool. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. The pool offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

A designated custodial bank serves as custodian for the pool's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the pool'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. COLOTRUST places no restrictions or limitations on withdrawals. COLOTRUST is rated AAAM by Standards & Poor's.

Fair Value Hierarchy. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As COLOTRUST is valued at a net asset value, there is not an investment component to be valued under GASB Statement No. 72, *Fair Value Measurement and Application*.

Interest Rate Risk - Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The District has interest rate risk related to its investments in COLOTRUST. At December 31, 2017 COLOTRUST Plus + had a weighted average maturity of 34 days to reset and 94 days to final maturity.

Custodial Credit Risk – Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk.

Concentration of Credit Risk - The District places no limit on the amount that may be invested in any one issuer.

Restricted Cash and Investments – At December 31, 2017, the District had the following restricted cash balances:

Debt service reserves-CWCB loans	\$ 1,455,875
Unexpended bond proceeds	9,756,623
Total Restricted Cash	<u>\$ 11,212,498</u>

NOTE 3 - INDIVIDUAL FUND INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Due to Due From Funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position and as due from other funds/due to other funds on the fund statement balance sheets. Internal balances are eliminated in the statement of net position. All interfund receivables and payables are expected to be paid within the next year.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 - INDIVIDUAL FUND INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS
(CONTINUED)

As of December 31, 2017, the District had the following interfund receivables and payables:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 200,980	\$ -
Special Revenue – WAS	-	259,617
Special Revenue – GMS	-	12,849
Debt Service - District	-	23,330
Debt Service – WAS	-	5,824
Debt Service – GMS	-	9,357
Water Enterprise Fund – District	-	13,955
Water Enterprise Fund – WAS	62,311	-
Water Enterprise Fund – GMS	61,641	-
	<u>\$ 324,932</u>	<u>\$ 324,932</u>

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Perpetual easements	\$ 489,941	\$ -	\$ -	\$ 489,941
Water rights	22,087,760	312,450	-	22,400,210
Land	2,868,442	-	1,665,000	1,203,442
Construction in progress	<u>8,846,351</u>	<u>8,636,682</u>	<u>14,088,465</u>	<u>3,394,568</u>
Total capital assets, not being depreciated	<u>34,292,494</u>	<u>8,949,132</u>	<u>15,753,465</u>	<u>27,488,161</u>
Capital assets, being depreciated:				
Office building and improvements	491,679	27,171	105	518,745
Water projects	31,333,963	14,662,357	593,000	45,403,320
Equipment and vehicles	<u>2,357,989</u>	<u>304,254</u>	<u>186,520</u>	<u>2,475,723</u>
Total capital assets, being depreciated	<u>34,183,631</u>	<u>14,993,782</u>	<u>779,625</u>	<u>48,397,788</u>
Accumulated depreciation for:				
Office building and improvements	(307,807)	(15,260)	31	(323,036)
Water projects	(4,620,188)	(538,286)	48,510	(5,109,964)
Equipment and vehicles	<u>(1,171,344)</u>	<u>(166,172)</u>	<u>182,755</u>	<u>(1,154,761)</u>
Total accumulated depreciation	<u>(6,099,339)</u>	<u>(719,718)</u>	<u>231,296</u>	<u>(6,587,761)</u>
Total capital assets, being depreciated, net	<u>28,084,292</u>	<u>14,274,064</u>	<u>548,329</u>	<u>41,810,027</u>
Total capital assets, net	<u>\$ 62,376,786</u>	<u>\$ 23,223,196</u>	<u>\$ 16,301,794</u>	<u>\$ 69,298,188</u>

The 2017 depreciation expense of \$719,718 has been allocated to the maintenance activity.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Water rights	\$ 1,016,100	\$ -	\$ (152,450)	\$ 863,650
Total capital assets, not being depreciated	<u>1,016,100</u>	<u>-</u>	<u>(152,450)</u>	<u>863,650</u>
Capital assets, being depreciated:				
Water projects	27,899	2,367,000	-	2,394,899
Total capital assets, being depreciated	<u>27,899</u>	<u>2,367,000</u>	<u>-</u>	<u>2,394,899</u>
Accumulated depreciation for:				
Water projects	(2,604)	(47,898)	-	(50,502)
Total capital assets, being depreciated, net	<u>25,295</u>	<u>2,319,102</u>	<u>-</u>	<u>2,344,397</u>
Total capital assets, net	<u>\$ 1,041,395</u>	<u>2,319,102</u>	<u>\$ (152,450)</u>	<u>\$ 3,208,047</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the District for the year ended December 31, 2017:

Governmental Activities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
2013 general obligation bond	\$ 26,925,000	\$ -	\$ 975,000	\$ 25,950,000	\$ 1,000,000
Bond premium	955,803	-	49,016	906,787	-
2013 CWCB construction loan	1,050,099	601,805	-	1,651,904	42,338
2010 CWCB loan	12,761,661	-	394,498	12,367,163	404,361
2004 CWCB loan	10,849,255	-	442,412	10,406,843	454,578
2005 CWCB loan	3,227,027	-	134,954	3,092,073	138,328
2015 CWCB construction loan	-	2,355,104	-	2,355,104	-
Capital lease-water	508,050	152,450	660,500	-	-
Accrued interest on 2013 loan	48,031	-	48,031	-	-
Accrued loan fee on 2013 loan	10,501	-	10,501	-	-
Accrued compensated absences	21,744	46,170	50,583	17,331	5,777
Total	<u>\$ 56,357,171</u>	<u>\$ 3,145,529</u>	<u>\$ 2,765,495</u>	<u>\$ 56,747,205</u>	<u>\$ 2,045,382</u>

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Capital lease-water	\$ 1,016,100	\$ 2,500,000	\$ 301,392	\$ 3,214,708	\$ 400,661

In 2013, the District obtained a 23 year general obligation bond for \$30,000,000. Escalating principal payments paid annually; interest payments with varying coupon rates of 1.5% to 5.0% paid semi-annually through December 1, 2036. Property taxes have been pledged for the purpose of repayment of this loan.

In 2015, the District obtained a loan from the CWCB for \$18,263,830. During 2017, the District began drawing on the loan to fund costs related to expansion of Chatfield Reservoir. The loan requires that annual payments of \$787,715 including principal and interest at a rate of 1.75% are due annually, for thirty years, beginning one year after substantial completion of the project.

In 2013, the Subdistrict obtained a loan from the CWCB for \$3,030,000 with four years to draw the funds. During 2017, the loan was closed with a balance of \$1,651,905. Annual payments of \$71,246 including principal and interest at a rate of 1.75% are due annually, for thirty years, beginning June 1, 2018. Property taxes collected have been pledged to the CWCB for the purpose of this loan. A debt service reserve account is required to be established and funded at an amount equal to one-tenth of an annual payment on the due date of the first payment and annually thereafter for the first ten years.

In 2010, WAS obtained a loan from CWCB for \$14,934,612, requiring annual payments of \$713,541 principal and interest, at 2.50%, through June 1, 2040. Property taxes have been pledged to CWCB for the purpose of repayment of this loan. A debt service reserve account is required to be established and funded at an amount equal to one-tenth of an annual payment on the due date of the first payment and annually thereafter for the first ten years.

In 2004, the GMS obtained a loan from the CWCB for \$15,000,000, requiring annual payments of \$740,766, principal and interest, at 2.75%, through June 1, 2035. Property taxes have been pledged to CWCB for the purpose of repayment of this loan. A debt service reserve account is required to be established and funded at an amount equal to one-tenth of an annual payment on the due date of the first payment and annually thereafter for the first ten years.

In 2005, the GMS obtained a loan from the CWCB for \$4,513,200, requiring annual payments of \$215,630, principal and interest, at 2.50%, through June 1, 2035. Property taxes have been pledged to CWCB for the purpose of repayment of this loan. A debt service reserve account is required to be established and funded at an amount equal to one-tenth of an annual payment on the due date of the first payment and annually thereafter for the first ten years.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 - LONG-TERM DEBT (CONTINUED)

In 2016, GMS entered into a 9 year capital lease for the purchase of water for \$1,016,100. During 2017, capital assets and debt related to this lease totaling \$152,450 were reallocated to WAS. The maturity date of the lease was also changed to May 31, 2022. Annual payments are \$143,942 including interest at a rate of 1% over the CWCB Water Project Loan Program Agricultural rate. The value of the assets under this lease are \$863,650.

In 2017, GMS entered into a 10 year capital lease related to the purchase of water storage and settlements related to construction contracts. Annual payments are \$302,673 including interest at 4%. The value of the assets under this lease are \$2,367,000.

In 2016, WAS entered into a 9 year capital lease for the purchase of water for \$508,050. Annual payments are \$62,884 including interest at 2.450%. During 2017, this lease was renegotiated and the lease balance, plus interest, was paid in full. The value of the assets under this lease are \$508,050.

The annual requirements to amortize all debt outstanding, as of December 31, 2016, are as follows:

Governmental Activities Year Ending December 31,	Annual Maturities	Interest	Total Payment
2018	\$ 2,039,605	\$ 1,666,690	\$ 3,706,295
2019	2,086,414	1,622,381	3,708,795
2020	2,133,919	1,574,477	3,708,396
2021	2,202,139	1,504,658	3,706,797
2022	2,266,091	1,444,055	3,710,146
2023-2027	12,401,740	6,128,536	18,530,276
2028-2032	14,422,049	4,151,114	18,573,163
2033-2037	13,229,710	1,455,713	14,685,423
2038-2041	2,348,048	148,803	2,496,851
2043-2047	338,268	17,964	356,232
Totals	<u>\$ 53,467,983</u>	<u>\$ 19,714,391</u>	<u>\$ 73,182,374</u>

Business-Type Activities Year Ending December 31,	Annual Maturities	Interest	Total Payment
2018	\$ 400,661	\$ 77,808	\$ 478,469
2019	356,596	109,883	466,479
2020	365,102	96,411	461,513
2021	373,949	82,598	456,547
2022	383,149	68,432	451,581
2023-2027	1,335,251	165,919	1,501,170
Totals	<u>\$ 3,214,708</u>	<u>\$ 601,051</u>	<u>\$ 3,815,759</u>

On November 6, 2012, the District's voters approved the issuance of up to \$60,000,000 of debt. At December 31, 2017, \$30,148,195 of this debt remains unissued.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 6 - 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 workers' 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.

NOTE 7 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

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

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

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

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

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

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

Employer contribution rate	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	1.02%
Amount apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Total employer contribution rate to the LGDTF	12.68%

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the District were \$127,063 for the year ended December 31, 2017.

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

At December 31, 2017, the District reported a liability of \$1,979,909 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll-forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on the District's contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF

At December 31, 2017, the District's was .1466%, which was an increase of .0098% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the District recognized pension expense of \$276,017. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 35,234	\$ -
Changes of assumptions or other inputs	140,438	5,726
Net difference between projected and actual earnings on pension plan investments	237,778	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	48,602	-
Contributions subsequent to the measurement date	127,063	-
Total	<u>\$ 589,115</u>	<u>\$ 5,726</u>

\$127,063 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$275,601
2019	111,837
2020	66,627
2021	2,261

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

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

- Benefit payments and contributions were assumed to be made at the end of the month.

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 2,919,284	\$ 1,979,908	\$ 1,202,002

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 8 - DEFINED CONTRIBUTION PENSION PLANS

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51,

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 - DEFINED CONTRIBUTION PENSION PLANS (CONTINUED)

Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees.

PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2017, program members contributed \$10,800.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

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

Funding Policy – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2017, 2016, and 2015 the District's contributions to the HCTF were \$11,115, \$9,577 and \$8,807, respectively, equal to their required contributions for each year.

NOTE 10- COMMITMENTS AND CONTINGENCIES

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

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10- COMMITMENTS AND CONTINGENCIES (CONTINUED)

federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves

(balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt.

Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). At December 31, 2017, The District has restricted \$463,999 for this purpose.

On November 4, 2014, the voting electors of the District authorized the District to collect, retain, and expend all excess revenues and other funds collected in calendar year 2005 and in each subsequent calendar year thereafter without further voter approval, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other law. This effectively removed all revenue and spending limits imposed by TABOR.

On November 4, 2005, the voting electors of the WAS Subdistrict authorized the Subdistrict to collect, retain, and expend all excess revenues and other funds collected in calendar year 2005 and in each subsequent calendar year thereafter without further voter approval, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other law. This effectively removed all revenue and spending limits imposed by TABOR.

On November 6, 2013, the voting electors of the GMS Subdistrict authorized the Subdistrict to collect, retain, and expend the full amount of revenues generated from all sources without limitation or condition under Article X, Section 20 of the Colorado Constitution and as an exception to the limitations under Section 29-1-301 of the Colorado Revised Statutes and related limits. This effectively removed all revenue and spending limits imposed 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.

The District has unexpended proceeds from the Series 2013 General Obligation Bond issue of \$9,756,623. As a result, the District will be required to compute the amount of arbitrage earned on the investment of the proceeds of bond issue. Management anticipates that no rebate penalty will be owed to the federal government.

On November 6, 2012, the District’s voters approved the issuance of up to \$60,000,000 of debt. At December 31, 2016, \$30,148,194 of this debt remains unissued.

The District received a grant from the Federal Emergency Management Agency and are in the process of closing out this grant. The District has recorded a receivable for \$252,937. The amount of expenditures which may be disallowed by the granting agency, if any, related to this receivable, cannot be determined at this time, although the management anticipates such amounts, if any, will be immaterial.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10- COMMITMENTS AND CONTINGENCIES (CONTINUED)

The District is participating in the Hokestra capital project. As part of that project the District entered into a \$3,210,514 loan with Weld County, Colorado. This loan requires annual payments of \$215,797 including interest at 3%. The loan matures in 2037.

The District has entered into a joint venture to purchase storage in Chatfield Reservoir. The cost to complete the District's share of the project has increased to \$35,478,346. CWCB will loan additional funds on this project. However, the District will be required to provide an additional \$3,409,663 with CWCB in order to complete this project. The District anticipates these funds will come from a combination of District cash, additional loans and grants.

NOTE 11- RELATED PARTY TRANSACTIONS

As noted above, the District is in the process of purchasing additional storage in the Chatfield Reservoir. A member of management is the President of the Chatfield Reservoir Mitigation Company.

The sibling of a member of management was engaged to perform contract work for the District. The amounts paid for the year ended December 31, 2017 were \$4,185.

NOTE 12- NEW ACCOUNTING PRONOUNCEMENTS

In addition, the GASB has issued several pronouncements prior to December 31, 2016 that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. These Statements replace the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. These statements establish new accounting and financial reporting requirements for OPEB plans. While management is currently determining the effects of the implementation of this statements on the District's financial records, it is anticipated this statement may have a material impact on the District.

Governmental Accounting Standards Board Statement No. 87 *Leases*. In June of 2017 the GASB issued Statement No. 87. The objective of this Statement is to better meet the needs of financial statement users by improving accounting and financial reporting for leases by governments by establishing a single model for lease accounting. Under this guidance, the District will be required to recognize a right-to-use lease asset and a lease liability for leases that were previously reported as operating leases. This accounting will be mirrored by the lessor. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently determining the effects of the implementation of this statements on the District's financial records.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13- RESTATEMENTS

The District determined that certain penalties related to a construction contract should have been assessed and recognized as revenues in prior years. As a result, net assets for the Governmental. Activities and Ground Water Management Subdistrict of Central Colorado Water Conservancy District Water (GMS) Special Revenue Fund net positions were increased \$400,000 for the year ending December 31, 2017.

NOTE 14 SPECIAL ITEM

As a part of the construction contract settlement and the purchase of certain real property the District and the Subdistricts received forgiveness of the remaining portion of the retainage liability. The total amount of the special item was \$593,000.

REQUIRED SUPPLEMENTARY INFORMATION

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property tax	\$ 1,662,412	\$ 1,652,683	\$ (9,729)
Specific ownership tax	251,000	465,369	214,369
Water assessments	-	617,500	617,500
Intergovernmental	-	43,423	43,423
Investment income	10,000	161,673	151,673
Miscellaneous	15,000	18,474	3,474
Total revenues	<u>1,938,412</u>	<u>2,959,122</u>	<u>1,020,710</u>
EXPENDITURES			
Operating			
Personnel	564,980	495,117	69,863
Travel	13,050	4,915	8,135
Maintenance	2,040,390	98,871	1,941,519
Supplies	64,505	66,922	(2,417)
Professional	611,500	1,082,941	(471,441)
Business meals	6,000	5,572	428
Water purchases	361,000	319,419	41,581
Utilities	43,000	17,273	25,727
Other	-	141,221	(141,221)
Capital outlay	15,549,344	9,299,847	6,249,497
Total expenditures	<u>19,253,769</u>	<u>11,532,098</u>	<u>7,721,671</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(17,315,357)</u>	<u>(8,572,976)</u>	<u>8,742,381</u>
OTHER FINANCING SOURCES (USES)			
Sale of general capital assets	-	1,438,057	1,438,057
Proceeds from debt	1,650,000	2,355,104	705,104
Total other financing sources (uses)	<u>1,650,000</u>	<u>3,793,161</u>	<u>2,143,161</u>
NET CHANGE IN FUND BALANCE	<u>\$ (15,665,357)</u>	<u>(4,779,815)</u>	<u>\$ 10,885,542</u>
FUND BALANCE - BEGINNING OF YEAR		<u>20,697,480</u>	
FUND BALANCE - END OF YEAR		<u>\$ 15,917,665</u>	

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND-WAS
Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property tax	\$ 405,946	\$ 405,877	\$ (69)
Specific ownership tax	86,250	114,408	28,158
Water assessments	976,204	1,450,685	474,481
Investment income	350	16,653	16,303
Miscellaneous	6,750	42,879	36,129
Total revenues	<u>1,475,500</u>	<u>2,030,502</u>	<u>555,002</u>
EXPENDITURES			
Operating			
Personnel	284,270	294,706	(10,436)
Travel	8,850	6,783	2,067
Maintenance	106,000	50,221	55,779
Supplies	33,000	31,380	1,620
Professional	215,500	250,369	(34,869)
Business meals	2,000	3,624	(1,624)
Water purchases	890,911	963,053	(72,142)
Utilities	110,500	75,612	34,888
Augmentation plan	222,500	161,444	61,056
Other	151,000	135,452	15,548
Debt service			
Principal	-	655,500	(655,500)
Interest	-	5,851	(5,851)
Capital outlay	<u>2,378,250</u>	<u>392,131</u>	<u>1,986,119</u>
Total expenditures	<u>4,402,781</u>	<u>3,026,126</u>	<u>1,376,655</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,927,281)</u>	<u>(995,624)</u>	<u>1,931,657</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the issuance of debt	-	754,255	754,255
Total other financing sources (uses)	<u>-</u>	<u>754,255</u>	<u>754,255</u>
SPECIAL ITEMS	<u>-</u>	<u>243,000</u>	<u>243,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,927,281)</u>	<u>1,631</u>	<u>\$ 2,928,912</u>
FUND BALANCE - BEGINNING OF YEAR		<u>1,849,359</u>	
FUND BALANCE - END OF YEAR		<u>\$ 1,850,990</u>	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND-GMS
Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property tax	\$ 780,863	\$ 779,767	\$ (1,096)
Specific ownership tax	99,000	201,895	102,895
Investment income	2,500	24,992	22,492
Miscellaneous	33,750	237,265	203,515
Total revenues	<u>916,113</u>	<u>1,243,919</u>	<u>327,806</u>
EXPENDITURES			
Operating			
Personnel	80,500	54,205	26,295
Travel	11,050	5,583	5,467
Maintenance	256,000	82,012	173,988
Supplies	61,005	36,814	24,191
Professional	168,000	157,338	10,662
Business meals	4,000	3,874	126
Water purchases	210,000	215,514	(5,514)
Utilities	158,000	105,788	52,212
Other	239,795	128,218	111,577
Capital outlay	1,000,250	162,471	837,779
Total expenditures	<u>2,188,600</u>	<u>951,817</u>	<u>1,236,783</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,272,487)	292,102	1,564,589
SPECIAL ITEMS	<u>-</u>	<u>350,000</u>	<u>350,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,272,487)</u>	642,102	<u>\$ 1,914,589</u>
FUND BALANCE - BEGINNING OF YEAR-RESTATED		<u>2,629,023</u>	
FUND BALANCE - END OF YEAR		<u>\$ 3,271,125</u>	

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
DECEMBER 31, 2017

Measurement period ending December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion (percentage) of the collective net pension liability	0.1466%	0.13683%	0.13706%	0.13645%
District's proportionate share of the collective net pension liability	\$1,979,909	\$ 1,507,330	\$ 1,228,459	\$ 1,028,012
Covered-employee payroll	921,225	766,496	743,023	736,380
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	214.92%	196.65%	165.33%	139.60%
Plan fiduciary net pension as a percentage of the total pension liability	73.6%	76.9%	80.70%	77.66%

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
DECEMBER 31, 2017

Reporting period ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 127,063	\$ 109,477	\$ 98,537	\$ 95,229	\$ 92,306
Contributions in relation to the statutorily required contributions	127,063	109,477	98,537	95,229	92,306
Contribution deficiency (excess)	0	0	0	0	0
Covered-employee payroll	921,225	\$ 757,275	\$ 766,496	\$ 743,023	\$ 736,380
Contribution as a percentage of covered of employee payroll	13.79%	14.45%(a)	12.86%	12.82%	12.54%

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

(a)As the result of a review of contributions, the District determined that certain deductions from employee's pay were not excluded from PERA compensation and other stipends should have been included in PERA compensation. These contribution differences from a prior year were corrected in 2016.

OTHER SUPPLEMENTARY INFORMATION

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property tax	\$ 3,898,534	\$ 3,900,698	\$ 2,164
Investment income	-	86,884	86,884
Total revenues	3,898,534	3,987,582	89,048
EXPENDITURES			
General government	65,000	58,856	6,144
Debt service			
Principal	975,000	975,000	-
Interest	994,364	994,362	2
Total expenditures	2,034,364	2,028,218	6,146
NET CHANGE IN FUND BALANCE	\$ 1,864,170	1,959,364	\$ 95,194
FUND BALANCE - BEGINNING OF YEAR		8,977,450	
FUND BALANCE - END OF YEAR		\$ 10,936,814	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND-WAS
Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property tax	\$ 1,047,498	\$ 1,043,685	\$ (3,813)
Investment income	-	41,844	41,844
Total revenues	1,047,498	1,085,529	38,031
EXPENDITURES			
General government	39,002	15,727	23,275
Debt service			
Principal	394,498	394,499	(1)
Interest	319,041	376,052	(57,011)
Total expenditures	752,541	786,278	(33,737)
NET CHANGE IN FUND BALANCE	\$ 294,957	299,251	\$ 4,294
FUND BALANCE - BEGINNING OF YEAR		5,086,737	
FUND BALANCE - END OF YEAR		\$ 5,385,988	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND-GMS
Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property tax	\$ 1,618,713	\$ 1,616,362	\$ (2,351)
Investment income	-	56,189	56,189
Total revenues	<u>1,618,713</u>	<u>1,672,551</u>	<u>53,838</u>
EXPENDITURES			
General government	27,000	24,292	2,708
Debt service			
Principal	577,367	577,366	1
Interest	379,031	379,030	1
Total expenditures	<u>983,398</u>	<u>980,688</u>	<u>2,710</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 635,315</u></u>	691,863	<u><u>\$ 56,548</u></u>
FUND BALANCE - BEGINNING OF YEAR		<u>6,704,314</u>	
FUND BALANCE - END OF YEAR		<u><u>\$ 7,396,177</u></u>	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
WATER ENTERPRISE FUND
NON GAAP BUDGET BASIS
Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 100,404	\$ 107,067	\$ 6,663
Water assessments	386,720	1,154,225	767,505
Investment income	-	2,707	2,707
Miscellaneous	-	6,000	6,000
Total revenues	487,124	1,269,999	782,875
EXPENDITURES			
General government	-	1,633	(1,633)
Professional Fees	35,000	5,888	29,112
Operating expenses	37,500	47,747	(10,247)
Total expenditures	72,500	55,268	17,232
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-BUDGET BASIS			
	\$ 414,624	1,214,731	\$ 800,107
RESPECTIVE DIFFERENCES			
		-	
NET CHANGE IN FUND BALANCE-GAAP BASIS			
		1,214,731	
NET POSITION - BEGINNING OF YEAR			
		504,311	
NET POSITION - END OF YEAR			
		\$ 1,719,042	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
WATER ENTERPRISE FUND-WAS
NON GAAP BUDGET BASIS
Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Water assessments	\$ 62,311	\$ 62,311	\$ -
Total revenues	62,311	62,311	-
EXPENDITURES			
Water purchases	58,000	-	58,000
Total expenditures	58,000	-	58,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-BUDGET BASIS			
	\$ 4,311	62,311	\$ 58,000
PRESPECTIVE DIFFERENCES			
		-	
NET CHANGE IN FUND BALANCE-GAAP BASIS			
		62,311	
FUND BALANCE - BEGINNING OF YEAR			
		-	
FUND BALANCE - END OF YEAR			
		\$ 62,311	

**CENTRAL COLORADO WATER CONSERVANCY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
WATER ENTERPRISE FUND-GMS
NON GAAP BUDGET BASIS
Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Water assessments	\$ 1,776,956	\$ 1,750,737	\$ (26,219)
Water lease revenue	-	14,316	14,316
Miscellaneous	39,000	169,650	130,650
Property taxes	-	85,620	85,620
Investment income	1,500	14,745	13,245
Capital lease proceeds	-	2,500,000	2,500,000
Total revenues	1,817,456	4,535,068	2,717,612
EXPENDITURES			
Personnel	281,070	411,813	(130,743)
Operating expenses	2,399,860	1,914,436	485,424
Debt Service			
Interest	-	31,844	(31,844)
Capital outlay	-	2,367,000	(2,367,000)
Total expenditures	2,680,930	4,725,093	(2,044,163)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-BUDGET BASIS			
	\$ (863,474)	(190,025)	\$ 673,449
PRESPECTIVE DIFFERENCES			
Proceeds from the issuance of debt		(2,500,000)	
Depreciation		(47,898)	
Capital outlay		2,367,000	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-GAAP BASIS			
		(370,923)	
NET POSITION - BEGINNING OF YEAR			
		1,482,321	
NET POSITION - END OF YEAR			
		\$ 1,111,398	