

**COLLEGE PARK WATER AND SANITATION DISTRICT  
FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2017 AND 2016**



**RECEIVED**

Office of the State Auditor

July 25, 2018

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## **INTRODUCTORY SECTION**

**College Park Water and Sanitation District**  
**14799 West 6th Avenue, A-5**  
**Golden, Colorado 80401-5256**  
**303-278-8900**

To the Members of the Governing Council of the College Park Water and Sanitation District:

State law requires that all general-purpose local governments publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual financial report of the College Park Water and Sanitation District for the fiscal years ended December 31, 2017 and 2016.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Green & Associates LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal years ended December 31, 2017 and 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal years ended December 31, 2017 and 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GASB requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The District, established in 1971, is located in Jefferson County, Colorado. The District is empowered to levy a property tax on both real and personal properties located within its boundaries. The District provides sanitation services and capacity in water lines (Note 4) to residents of the District.

The annual budget serves as the foundation for the District's financial planning and control. The District's manager presents a proposed budget to the Board prior to October 15. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 15th. The appropriated budget is prepared by fund, and function. Budget-to-actual comparisons are provided in this report.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in U.S. Government Agency Notes. The District has no employees, and contracts all management, maintenance and professional activities.

Respectfully submitted,

/s/ John E. Aitken, Jr.  
District Manager

# Green & Associates LLC

Certified Public Accountants & Business Consultants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
College Park Water and Sanitation District

We have audited the accompanying financial statements of the business type activities of College Park Water and Sanitation District as of and for the year ended December 31, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents and the notes to the financial statements.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College Park Water and Sanitation District as of December 31, 2017, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other-Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 5 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise College Park Water and Sanitation District's financial statements as a whole. The other supplemental information, Budgetary Comparison Schedule – Non-GAAP Basis, on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Drum + Associates LLC". The signature is written in a cursive, flowing style.

July 16, 2018  
Brighton, Colorado

## **Management's Discussion and Analysis**

## **College Park Water and Sanitation District Jefferson County, CO**

The College Park Water and Sanitation District's management discussion and analysis is intended to provide you, the reader and user of our financial statements, with (a) an understanding of the financial issues of the District: (b) an overview of the District's financial activities: (c) an explanation of the changes in the District's financial position: (d) an explanatory analysis of the variations of the annual, approved budget: and (e) an assessment of any future financial or operating issues of the District.

Because this discussion and analysis is intended to focus on the 2017 activities, resulting changes, and currently known facts and conditions, it should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements beginning on page 6.

### **Overview of the Financial Statements of the District**

The audited financial statements of the District are: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, Notes to Financial Statements

These statements are on pages 6 through 15. These and the Other Supplementary Information, *Budgetary Comparison Schedule* on page 16 provide information about the District's financial position as of each December 31, its results of operations and the resulting cash flows for each year ended December 31, and information comparing actual revenues and expenditures with budgeted revenues and expenditures for the year. Except for the budgetary comparison schedule, these are presented with current year and prior year comparison.

The **Statement of Net Position** provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (Net Position). Over time, the comparison of changes in Net Position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information about the components – Operating Revenues, Operating Expenses, Non Operating Revenues and Expenses, and Capital Contributions – of the District's annual operating activities and how those activities affected Net Position.

The **Statement of Cash Flows** provides an analysis about the sources and uses of District cash during the year and how the operating, financing, and investment activities affected the District's cash balances.

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

The **Budgetary Comparison Schedule** provides information comparing the budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, there will be a comparison of the originally approved budget with the final amended budget.

**Condensed Comparative Financial Information:**

**Statement of Net Position**

|                                  | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         |
|----------------------------------|---------------------|---------------------|---------------------|
| Current Assets                   |                     |                     |                     |
| Cash and cash equivalents        | \$ 1,694,335        | \$ 1,450,101        | \$ 572,620          |
| Other current assets             | 6,517,410           | 6,476,183           | 7,412,197           |
|                                  | <u>8,211,745</u>    | <u>7,926,284</u>    | <u>7,984,817</u>    |
| Non Current Assets               |                     |                     |                     |
| Capital assets – net             | 837,430             | 858,030             | 769,918             |
| Other Noncurrent assets          | 1,563,396           | 1,563,396           | 1,563,396           |
| Total Assets                     | <u>10,612,571</u>   | <u>10,347,710</u>   | <u>10,318,131</u>   |
| Current Liabilities              | <u>73,938</u>       | <u>14,522</u>       | <u>67,261</u>       |
| Total Liabilities                | <u>73,938</u>       | <u>14,522</u>       | <u>67,261</u>       |
| Deferred inflow of resources     | 545,134             | 506,591             | 511,845             |
| Net Position                     |                     |                     |                     |
| Net investment in capital assets | 2,400,826           | 2,421,426           | 2,333,314           |
| Restricted                       | 1,473,853           | 1,473,853           | 1,473,853           |
| Unrestricted                     | 6,118,820           | 5,931,318           | 5,931,858           |
| Total Net Position               | <u>\$ 9,993,499</u> | <u>\$ 9,826,597</u> | <u>\$ 9,739,025</u> |

**Statement of Revenues, Expenses and Changes in Net Position**

|                                   | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         |
|-----------------------------------|---------------------|---------------------|---------------------|
| Operating Revenues                | \$ 29,214           | \$ 14,116           | \$ 24,912           |
| Operating Expenses                | 493,658             | 451,211             | 620,393             |
| Operating Income (Loss)           | <u>(464,444)</u>    | <u>(437,095)</u>    | <u>(595,481)</u>    |
| Non Operating Revenues (Expenses) | 631,346             | 524,667             | 580,241             |
| Change in Net Position            | <u>166,902</u>      | <u>87,572</u>       | <u>(15,240)</u>     |
| Net Position, Beginning of Year   | 9,826,597           | 9,739,025           | 9,754,265           |
| Net Position, End of Year         | <u>\$ 9,993,499</u> | <u>\$ 9,826,597</u> | <u>\$ 9,739,025</u> |

**Statement of Cash Flows**

|   | <u>2017</u>         | <u>2016</u>         | <u>2015</u>       |
|---|---------------------|---------------------|-------------------|
| Cash from (for) Operating Activities          | \$ (370,400)        | \$ (431,488)        | \$ (486,758)      |
| Cash from Non Capital Financing Activities    | 548,650             | 545,114             | 491,436           |
| Cash from (for) Capital and Related Financing | (32,518)            | (140,590)           | 30,133            |
| Cash from (for) Investing Activities          | 98,502              | 874,312             | 9,349             |
| Increase (Decrease)                           | <u>244,234</u>      | <u>847,348</u>      | <u>44,160</u>     |
| Cash and Cash Equivalents, Beginning of Year  | 1,450,101           | 602,753             | 558,593           |
| Cash and Cash Equivalents, End of Year        | <u>\$ 1,694,335</u> | <u>\$ 1,450,101</u> | <u>\$ 602,753</u> |

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative

financial information, we recommend a close review of the accompanying audited financial statements beginning on page 6.

**Analysis of Financial Position and Operating Results:**

The total Net Position increased from \$9,826,597 in 2016 to \$9,993,499 in 2017, a difference of \$166,902. Operating revenues increased by \$15,098, due to higher charges for services in the current year. The District's operating expenses increased by \$42,447, in 2017, to \$493,658 due to higher repair, and treatment costs. As a result, the operating loss for the year was \$464,444. Net non-operating revenues were \$631,346 which resulted in net income of \$166,902 for the year.

Cash and cash equivalents for 2017 increased by \$244,234 relating primarily to the change in investments. Net capital assets decreased by \$20,600. See Note 4 of the Notes to Financial Statements. The District Liabilities increased by \$59,416 which is primarily attributable to normal operating activities and timing of payments.

For more information about these changes in Net Position, the operating activities, and cash flows please review the accompanying audited financial statements beginning on page 6.

**Budgetary Discussion:**

Actual revenues were \$44,452 higher than the 2017 budget, primarily due to higher than anticipated investment income. Actual expenditures were \$212,788 less than budgeted expenditures due to lower than anticipated capital outlay. The budget was not amended in 2017.

**Capital Asset Discussion:**

During 2017 the District incurred \$32,518 in capital expenditures. The District depreciates its infrastructure assets. See Note 1 of Notes to Financial Statements-*Summary of Significant Accounting Policies-Capital Assets* on page 10 and Note 4 of Notes to Financial Statements-Capital Assets on page 14. The District has capital asset activities in process relating to contracts for water rights.

**Long Term Debt:**

The District has no long-term debt.

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

Expenditures are expected to remain relatively the same, as administrative and legal efforts and management service costs are not expected to increase in 2017. There will be no costs for construction in 2017, as the District has completed its capital acquisition program.

**Requests for Information.** This financial report is designed to provide a general overview of College Park Water and Sanitation District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District at 14799 West 6<sup>th</sup> Avenue, A-5 Golden, CO 80401-5256

## **Basic Financial Statements**

**College Park Water and Sanitation District**  
**Statement of Net Position**  
**December 31, 2017 and 2016**

|  | <b>2017</b>   | <b>2016</b>   |
|--|---------------|---------------|
| <b>Assets</b>  |               |               |
| <b>Current Assets</b>  |               |               |
| Cash and cash equivalents  | \$ 1,694,335  | \$ 1,450,101  |
| Investments  | 5,910,113     | 5,935,632     |
| Due from county treasurer  | 3,737         | 3,374         |
| Accounts receivable  | 28,989        | 13,991        |
| Property taxes receivable  | 545,134       | 506,591       |
| Prepaid expenses   | 8,545         | 5,053         |
| Accrued interest receivable  | 20,892        | 11,542        |
| Total Current Assets   | 8,211,745     | 7,926,284     |
| <b>Noncurrent Assets</b>   |               |               |
| Capital Assets   |               |               |
| Depreciable  |               |               |
| Sewer Lines  | 2,789,039     | 2,756,521     |
| Total Capital Assets   | 2,789,039     | 2,756,521     |
| Less: Accumulated depreciation                                       | (1,951,609)   | (1,898,491)   |
| Net Capital Assets   | 837,430       | 858,030       |
| Other Assets   |               |               |
| Value assigned to water service contract                             | 1,563,396     | 1,563,396     |
| Total Other Assets   | 1,563,396     | 1,563,396     |
| Total Assets   | 10,612,571    | 10,347,710    |
| <b>Liabilities</b>   |               |               |
| <b>Current Liabilities</b>   |               |               |
| Accounts payable   | 73,938        | 14,522        |
| Total Current Liabilities  | 73,938        | 14,522        |
| <b>Deferred Inflow of Resources</b>                                  |               |               |
| Deferred property taxes  | 545,134       | 506,591       |
| Total Deferred Inflow of Resources                                   | 545,134       | 506,591       |
| <b>Net Position</b>  |               |               |
| Net Investment in capital assets                                     | 2,400,826     | 2,421,426     |
| Restricted   | 1,473,853     | 1,473,853     |
| Unrestricted   | 6,118,820     | 5,931,318     |
| Total Net Position   | 9,993,499     | 9,826,597     |
| Total Liabilities, Deferred Inflows of Resources<br>and Net Position | \$ 10,612,571 | \$ 10,347,710 |

The accompanying notes are an integral part of these financial statements

**College Park Water and Sanitation District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2017 and 2016**

|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| <b>Operating Revenues</b>               |                     |                     |
| Sewer charges                           | \$ 28,989           | \$ 13,991           |
| Miscellaneous income                    | 225                 | 125                 |
| Total Operating Revenues                | <u>29,214</u>       | <u>14,116</u>       |
| <b>Operating Expenses</b>               |                     |                     |
| Sewage treatment charges                | 249,067             | 215,337             |
| Sewer operations                        | 125,839             | 113,377             |
| Administration expense                  | 65,634              | 70,019              |
| Depreciation                            | 53,118              | 52,478              |
| Total Operating Expenses                | <u>493,658</u>      | <u>451,211</u>      |
| Operating Loss                          | <u>(464,444)</u>    | <u>(437,095)</u>    |
| <b>Nonoperating Revenues (Expenses)</b> |                     |                     |
| Property taxes                          | 506,750             | 511,785             |
| Specific ownership taxes                | 49,508              | 41,054              |
| Investment income                       | 94,571              | 62,676              |
| Unrealized gain (loss) on investments   | (12,238)            | (83,167)            |
| Treasurer fees                          | (7,245)             | (7,681)             |
| Total Nonoperating Revenues (Expenses)  | <u>631,346</u>      | <u>524,667</u>      |
| <b>Change in Net Position</b>           | 166,902             | 87,572              |
| Net Position, beginning of year         | <u>9,826,597</u>    | <u>9,739,025</u>    |
| Net Position, end of year               | <u>\$ 9,993,499</u> | <u>\$ 9,826,597</u> |

The accompanying notes are an integral part of these financial statements

**College Park Water and Sanitation District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017 and 2016**

|  | <b>2017</b>  | <b>2016</b>  |
|--|--------------|--------------|
| <b>Cash Flows From Operating Activities</b>  |              |              |
| Cash received from customers   | \$ 14,216    | \$ 25,081    |
| Cash paid to suppliers   | (384,616)    | (456,569)    |
| Net cash provided (used) by operating activities   | (370,400)    | (431,488)    |
| <b>Cash Flows From Non-Capital Financing Activities</b>  |              |              |
| Property and ownership taxes   | 555,895      | 552,795      |
| Treasurer fees paid  | (7,245)      | (7,681)      |
| Net cash provided (used) by non-capital financing activities   | 548,650      | 545,114      |
| <b>Cash Flows From Capital Financing Activities</b>  |              |              |
| Purchases of capital assets  | (32,518)     | (140,590)    |
| Net cash provided (used) by non-capital financing activities   | (32,518)     | (140,590)    |
| <b>Cash Flows From Investing Activities</b>  |              |              |
| Proceeds from sale of investments  | 3,440,000    | 6,850,000    |
| Investments purchased  | (3,426,719)  | (6,033,508)  |
| Investment income received   | 85,221       | 57,820       |
| Net cash provided (used) by investing activities   | 98,502       | 874,312      |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | 244,234      | 847,348      |
| Cash and cash equivalents, beginning of year   | 1,450,101    | 602,753      |
| Cash and cash equivalents, end of year   | \$ 1,694,335 | \$ 1,450,101 |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b> |              |              |
| Operating Loss   | \$ (464,444) | \$ (437,095) |
| Adjustments to reconcile operating loss to cash provided / (used) by operating activities            |              |              |
| Depreciation   | 53,118       | 52,478       |
| Changes in assets and liabilities  |              |              |
| Accounts receivable  | (14,998)     | 10,921       |
| Prepaid expenses   | (3,492)      | (5,053)      |
| Accounts payable   | 59,416       | (52,739)     |
| Net Cash Provided (Used) by Operating Activities   | \$ (370,400) | \$ (431,488) |
| Non-cash transactions from investing activities  |              |              |
| Market value adjustments Income / (Loss)   | \$ (12,238)  | \$ (83,167)  |

The accompanying notes are an integral part of these financial statements

**College Park Water and Sanitation District**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**Note 1 Summary of Significant Accounting Policies**

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability. The District has no employees and all operations are contracted. The more significant accounting policies of the District are described as follows:

**Financial Reporting Entity**

College Park Water and Sanitation District (The District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado. The District was established to provide water and sanitation services to residents in the area of the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity.

**Basis of Presentation**

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and payment of debt is recorded as a reduction in liabilities. System development charges are recorded as non-operating revenue.

The District distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing sanitation services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expense or capital contributions.

**Property Taxes**

Property taxes attach an enforceable lien on property as of January 1<sup>st</sup>. Taxes are levied on January 1<sup>st</sup> and are payable either in one installment on or before April 30<sup>th</sup>, or in two installments due on or before February 28<sup>th</sup> and June 15<sup>th</sup> of each year. The collections and assessments are done by Jefferson County and are remitted to the District monthly. District property taxes which are due to be paid in the next period, and representing an enforceable lien at January 1<sup>st</sup> of the next year, have been recorded as a receivable and a deferred revenue.

**College Park Water and Sanitation District  
Notes to Financial Statements (Continued)  
December 31, 2017 and 2016**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Budgets and Budgetary Accounting**

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

In accordance with the State Budget Law, the District's Board of Directors holds public hearings each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget and appropriations resolutions upon completion of notification and publication requirements. The total appropriation is at the total fund expenditures level and lapses at year end.

**Allowance of Doubtful Accounts**

No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the district originate from charges to the owners of the District, and the District has the ability to place liens on the property.

**Assets and Liabilities**

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets – which include contributed and purchased sewer lines are reported by the District. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed on the sewer lines using the straight-line method over the estimated economic useful life of 40 years.

**College Park Water and Sanitation District  
Notes to Financial Statements (Continued)  
December 31, 2017 and 2016**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows / Inflows of Resources**

The District implemented the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

**Net Position**

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position – consists of Net Position with constraints placed on the use either by (1) external groups, such as creditors, grantors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position – all other Net Position that do not meet the definition of “restricted” or “net investment in capital assets” The District utilizes unrestricted Net Position before using restricted Net Position.

**Restricted Net Position**

The District considers \$1,473,853 of its net position to be restricted for future operations, capital outlay replacement, and as a reserve as required by TABOR (see note 7). Of this amount \$250,376 is specifically restricted for the Northwest Interceptor project which is a shared transmission line repair in coordination with Northwest Lakewood Sanitation District as approved on January 1, 2011.

**Cash Equivalents**

For purposes of the statement of cash flows, and the Statement of Net Position, the District defines cash equivalents as cash demand deposits, investment pools and other highly liquid investments with a maturity of three months or less when purchased.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 Cash and Investments**

***Cash Deposits***

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral

**College Park Water and Sanitation District  
Notes to Financial Statements (Continued)  
December 31, 2017 and 2016**

**Note 2 Cash and Investments (Continued)**

pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The Colorado Divisions of Banking 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 and 2016 the District's cash deposits had a book balance of \$404,476 and \$258,464 and a carrying balance of \$406,447 and \$312,721 respectively. Of this amount \$250,000 and \$250,000 was insured by the FDIC, respectively. The District had \$156,447 and \$62,721 collateralized under PDPA at December 31, 2017 and 2016, respectively.

***Investments***

Colorado statutes specify in which investment instruments the units of local government may invest:

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

The District's investment policy follows state statutes regarding investments. At December 31, 2017, the District had the following investments:

| <u>Investment Type</u>                       | <u>Weighted Average<br/>Maturity (Years)</u> | <u>Fair Value</u>   |
|--|--|---------------------|
| Certificates of Deposit                      | Less than one year                           | \$ 260,094          |
| Wells Fargo Money Market Accounts            | Less than one year                           | 1,289,859           |
| Federal Home Loan Bank Bonds                 | 2.77   | 2,407,653           |
| Federal Home Loan Mortgage Corporation Notes | 2.82   | 3,242,366           |
| Total Fair Value                             |  | <u>\$ 7,199,972</u> |

At December 31, 2016 the District had the following investments:

| <u>Investment Type</u>                       | <u>Weighted Average<br/>Maturity (Years)</u> | <u>Fair Value</u>   |
|--|--|---------------------|
| Certificates of Deposit                      | Less than one year                           | \$ 258,375          |
| Wells Fargo Money Market Accounts            | Less than one year                           | 1,191,637           |
| Federal Home Loan Bank Bonds                 | 3.8  | 3,459,898           |
| Federal Home Loan Mortgage Corporation Notes | 2.2  | 2,217,359           |
| Total Fair Value                             |  | <u>\$ 7,127,269</u> |

As of December 31, 2017 and 2016 the federal home loan bank bonds, federal home loan mortgage corporation notes and the U.S. governments agency securities were rated AA+ by Standard and Poors. The money market accounts and certificates of deposit were not rated.

**College Park Water and Sanitation District  
Notes to Financial Statements (Continued)  
December 31, 2017 and 2016**

**Note 2 Cash and Investments (Continued)**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2017 and 2016, none of the District's bank deposits were exposed to custodial credit risk.

**Interest Rate Risk**

Colorado revised statutes generally limit investment maturities to five years or less unless formally approved by the Board of Directors. Revenue bonds of U.S. local governments, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

**Concentrations of Credit Risk**

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer. As of December 31, 2017 and 2016, respectively, more than 5% of the District's cash and investments were invested in the Federal Home Loan Bank (32%) and (49%) and Federal Home Loan Mortgage Association (43%) and (31%).

|  | <u>2017</u>         | <u>2016</u>         |
|--|---------------------|---------------------|
| Cash in checking (cash and cash equivalent)  | \$ 404,476          | \$ 258,464          |
| Certificates of deposit                      | 260,094             | 258,375             |
| Money markets (cash and cash equivalent)     | 1,289,859           | 1,191,637           |
| Federal Home Loan Bank Bonds                 | 2,407,653           | 3,459,898           |
| Federal Home Loan Mortgage Corporation Notes | 3,242,366           | 2,217,359           |
| Total cash and investments                   | <u>\$ 7,604,448</u> | <u>\$ 7,385,733</u> |
| <br>   |                     |                     |
| Cash and Cash Equivalents                    | \$ 1,694,335        | \$ 1,450,101        |
| Investments                                  | 5,910,113           | 5,935,632           |
| Total  | <u>\$ 7,604,448</u> | <u>\$ 7,385,733</u> |

**Note 3 Accounts Receivable**

Accounts receivable balance at December 31, 2017 and 2016, respectively, were comprised of the following:

|                                       | <u>2017</u>      | <u>2016</u>      |
|---------------------------------------|------------------|------------------|
| Fees for services                     | \$ 28,989        | \$ 13,991        |
| Less: Allowance for doubtful accounts | -                | -                |
| Net Accounts Receivable               | <u>\$ 28,989</u> | <u>\$ 13,991</u> |

**Note 4 Value Assigned to Water Service Contract**

The District has a water service contract ("Water Service Contract") with Consolidated Mutual Water Company (Company) whereby the Company provides water service to the area located within the District's boundaries, subject to certain conditions and special provisions, as more particularly set forth in the Water Service Contract. Pursuant to the Water Service Contract, all water distribution facilities and related equipment used to provide water service to residents of

**College Park Water and Sanitation District  
Notes to Financial Statements (Continued)  
December 31, 2017 and 2016**

**Note 4 Value Assigned to Water Service Contract (Continued)**

the District and property located within the District's boundaries are owned, operated, maintained, and replaced by the Company. *The Company has agreed to provide water service within the District to the same extent, and subject to the same terms and conditions applicable to all stockholders of the Company.* At any time uniformity of service is not possible, the Company will endeavor to operate its system in the most equitable manner possible under the circumstances, including times of water shortage.

At the time the Water Service Contract was entered into in 1998, the District paid the Company to extend its water distribution system within the District's boundaries. *The District records the value of this investment on its books and records as a value assigned to the Water Service Contract.*

**Note 5 Capital Assets**

A summary of changes to capital assets for 2017 and 2016 is as follows:

|                               | Balance at<br>12/31/2016 | Additions          | Deletions   | Balance at<br>12/31/2017 |
|-------------------------------|--------------------------|--------------------|-------------|--------------------------|
| Depreciable                   |                          |                    |             |                          |
| Sewer lines                   | \$ 1,040,126             | \$ 32,518          | \$ -        | \$ 1,072,644             |
| Contributed sewer lines       | 1,716,395                | -                  | -           | 1,716,395                |
| Total Nondepreciable          | <u>2,756,521</u>         | <u>32,518</u>      | <u>-</u>    | <u>2,789,039</u>         |
| Less Accumulated Depreciation | <u>(1,898,491)</u>       | <u>(53,118)</u>    |             | <u>(1,951,609)</u>       |
| Net Capital Assets            | <u>\$ 858,030</u>        | <u>\$ (20,600)</u> | <u>\$ -</u> | <u>\$ 837,430</u>        |

|                               | Balance at<br>12/31/2015 | Additions        | Deletions   | Balance at<br>12/31/2016 |
|-------------------------------|--------------------------|------------------|-------------|--------------------------|
| Depreciable                   |                          |                  |             |                          |
| Sewer lines                   | \$ 899,536               | \$ 140,590       | \$ -        | \$ 1,040,126             |
| Contributed sewer lines       | 1,716,395                | -                | -           | 1,716,395                |
| Total Nondepreciable          | <u>2,615,931</u>         | <u>140,590</u>   | <u>-</u>    | <u>2,756,521</u>         |
| Less Accumulated Depreciation | <u>(1,846,013)</u>       | <u>(52,478)</u>  |             | <u>(1,898,491)</u>       |
| Net Capital Assets            | <u>\$ 769,918</u>        | <u>\$ 88,112</u> | <u>\$ -</u> | <u>\$ 858,030</u>        |

**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 disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

**College Park Water and Sanitation District**  
**Notes to Financial Statements (Continued)**  
**December 31, 2017 and 2016**

**Note 6 Risk Management (Continued)**

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded commercial coverage in any of the last three years.

**Note 7 Tax, Spending, and Debt Limitation**

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. On November 4, 2004 the District obtained voter approval to retain and spend all revenues collected from a 6.786 operation and maintenance mill levy without regard to any limitation imposed by TABOR or any other law.

**Note 8 Reclassifications**

Certain items have been reclassified from the previous year to conform with the presentation of the current years financial statements.

## **Other Supplementary Information**

**College Park Water and Sanitation District**  
**Budgetary vs. Actual Comparison - Non GAAP Basis**  
**For the Year Ended December 31, 2017**

|                                       | Original and Final<br>Budget | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|------------------------------|-------------------|--|
| <b>Revenues</b>                       |                              |                   |  |
| Property taxes                        | \$ 506,591                   | \$ 506,750        | \$ 159                                 |
| Specific ownership taxes              | 35,000                       | 49,508            | 14,508                                 |
| Sewer service to school districts     | 24,000                       | 28,989            | 4,989                                  |
| Investment income                     | 70,000                       | 94,571            | 24,571                                 |
| Miscellaneous income                  | -                            | 225               | 225                                    |
| <b>Total Revenues</b>                 | <u>635,591</u>               | <u>680,043</u>    | <u>44,452</u>                          |
| <b>Expenses</b>                       |                              |                   |  |
| Sewer treatment charges               | 251,200                      | 249,067           | 2,133                                  |
| Legal                                 | 40,000                       | 31,142            | 8,858                                  |
| Audit, accounting and management      | 22,000                       | 22,000            | -                                      |
| Director's fees                       | 6,000                        | 4,600             | 1,400                                  |
| Operator in responsible charge        | 4,800                        | 4,800             | -                                      |
| Office expense                        | 2,600                        | 2,721             | (121)                                  |
| Insurance                             | 4,600                        | 5,171             | (571)                                  |
| Repairs and maintenance               | 22,800                       | 95,109            | (72,309)                               |
| Utilities                             | 1,600                        | 1,417             | 183                                    |
| Engineering                           | 20,000                       | 22,328            | (2,328)                                |
| Miscellaneous                         | 3,000                        | 2,185             | 815                                    |
| Treasurer fees                        | 7,609                        | 7,245             | 364                                    |
| Capital outlay                        | 300,000                      | 32,518            | 267,482                                |
| Depreciation                          | 60,000                       | 53,118            | 6,882                                  |
| <b>Total Expenses</b>                 | <u>746,209</u>               | <u>533,421</u>    | <u>212,788</u>                         |
| <b>Revenues over Expenditures</b>     | <u>\$ (110,618)</u>          | <u>\$ 146,622</u> | <u>\$ 257,240</u>                      |
| <b>Reconciliation to Net Income</b>   |                              |                   |  |
| Capital Outlay                        |                              | 32,518            |  |
| Unrealized gain (loss) on investments |                              | (12,238)          |  |
| <b>Net Income</b>                     |                              | <u>\$ 166,902</u> |  |

See the Independent Auditor's Report