

UNITED WATER & SANITATION DISTRICT
Elbert County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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SCHILLING & COMPANY, INC.

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Independent Auditor's Report

Board of Directors
United Water & Sanitation District
Elbert County, Colorado

We have audited the accompanying financial statements of United Water and Sanitation District (District) as of and for the year 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.

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The 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 basic financial statements. Such 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
September 28, 2018

BASIC FINANCIAL STATEMENTS

UNITED WATER & SANITATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents - restricted	\$ 16,809,522
Cash and cash equivalents - unrestricted	3,079,705
Prepaid expenditures	49,748
Accounts receivable	278,177
Interest receivable	122,840
Total current assets	20,339,992

CAPITAL ASSETS

Capital assets not being depreciated	67,480,711
Capital assets being depreciated, net of accumulated depreciation	39,242,056
Total capital assets	106,722,767

OTHER ASSETS

Long-term receivable - Phase II	14,509,005
Long-term receivable - Phase I	10,006,579
Total other assets	24,515,584

TOTAL ASSETS

\$ 151,578,343

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 770,774
Accrued interest payable - bonds and note	291,212
Total current liabilities	1,061,986

LONG-TERM LIABILITIES

Deferred revenue - Phase II	14,509,005
Notes payable	
Due within one year	428,500
Due in more than one year	12,587,000
Bonds payable	
Due within one year	2,935,000
Due in more than one year	13,452,000
Developer advances, due in more than one year	
United District Water Providers	12,375,000
Bromley District Water Providers	1,321,765
Farmers Reservoir and Irrigation Company	1,000,000
Englewood Exchange Services	202,700
Red Tierra Equities, L.L.C.	2,400,000
CAW Equities, LLC	675,000
Accrued interest payable - developer advances	15,888,112
Total long-term liabilities	77,774,082

NET POSITION

Net investment in capital assets	86,782,599
Restricted	2,549,025
Unrestricted	(16,589,349)
Total net position	72,742,275

TOTAL LIABILITIES AND NET POSITION

\$ 151,578,343

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

UNITED WATER & SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Year Ended December 31, 2017

WATER SALES

Revenues	
Water sales	\$ 3,000,000
Option payment	1,692,719
Water certificates sales	1,247,644
Operations	937,833
Miscellaneous	289,703
Total revenues	<u>7,167,899</u>
Direct expenses	
Advertising	14,187
Appraisals	22,305
Audit	11,792
Cost of water rights sold	2,333,102
Depreciation and amortization	1,349,256
District management and accounting	296,103
Engineering and consulting	147,549
Insurance and bonds	43,197
Legal	1,682,659
Miscellaneous	792,291
On-site maintenance	82,445
FRICO payment - water shares	1,467,503
Repairs and maintenance	326,410
Support services	603,455
Systems operation and maintenance	741,974
Water assessment fees and well permits	38,432
Utilities	225,590
Total direct expenses	<u>10,178,250</u>
Loss from water sales	<u>(3,010,351)</u>

GENERAL AND ADMINISTRATIVE EXPENSES

Audit	1,608
Directors' fees	7,300
District management and accounting	13,563
Dues and subscriptions	10,667
Insurance and bonds	2,965
Legal	10,810
Miscellaneous	4,727
Support services	121,638
Total general and administrative expenses	<u>173,278</u>

LOSS FROM OPERATIONS

(3,183,629)

NONOPERATING REVENUES (EXPENSES)

IGA revenue	2,285,319
Interest income	1,215,752
Contribution from Ravenna Metropolitan District	13,313,202
Loss on disposition of assets	(6,296,825)
Interest expense - developer advances	(1,047,991)
Interest expense - bonds and note	(3,273,088)
IGA expenses	(5,025,000)
Costs of note issuance	(273,949)
Paying agent fees	(28,544)
Total nonoperating revenues (expenses)	<u>868,876</u>

CHANGE IN NET POSITION

(2,314,753)

NET POSITION - BEGINNING OF YEAR

75,057,028

NET POSITION - END OF YEAR

\$ 72,742,275

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

UNITED WATER & SANITATION DISTRICT
STATEMENT OF CASH FLOWS
Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Sale of water rights/leases	\$ 5,940,363
Operations charges received	1,260,042
Miscellaneous receipts	289,703
Payment for general, administrative and operating expenses	(6,931,140)
Net cash provided by operating activities	<u>558,968</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
IGA revenue received	2,285,319
IGA expenses paid	(5,025,000)
Net cash required by noncapital and related financing activities	<u>(2,739,681)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from refunding and improvement note	13,174,000
Proceeds from developer advances	675,000
Contribution received from Ravenna Metropolitan District	13,313,202
Proceeds from sale of capital assets	9,793,367
ECCV payment - Phase I received	1,130,345
Purchase of water rights/water storage	(2,773,563)
Purchase of capital assets	(883,237)
Principal paid on capital debt	(24,216,009)
Interest and other related costs paid on capital debt	(6,570,770)
Net cash provided by capital and related financing activities	<u>3,642,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,232,100
Net cash provided by investing activities	<u>1,232,100</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,693,722
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>17,195,505</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 19,889,227</u>
Reconciliation of loss from operations to net cash provided by operating activities	
Loss from operations	\$ (3,183,629)
Adjustments to income from operations to net cash flows provided by operating activities:	
Depreciation and amortization expense	1,349,256
Decrease in accounts receivable	322,209
Decrease in deposits	623,000
Decrease in prepaid expenses	19,208
Decrease in accounts payable	(904,178)
Cost of water rights sold	2,333,102
Net cash provided by operating activities	<u>\$ 558,968</u>

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

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

United Water & Sanitation District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 20, 2002 and is governed pursuant to provisions of the Colorado Special District Act.

The District was established to acquire, construct, finance and maintain public water, sewer and storm drainage improvements for the use and benefit of users of the District's systems. The District provides for the construction, operation and maintenance of water, sewer and storm drainage facilities. The District provides water to various special districts and municipalities throughout the State and serves as a wholesaler of water. The District has no residents and does not provide any services directly to individuals.

The District has created several separate enterprise activities to support the acquisition, construction, operation and maintenance of the facilities, pursuant to the Water Activity Enterprise Statute to be an "enterprise" within the meaning of Article X, Section 20 of the Colorado Constitution (TABOR). The financial activities of the enterprises are combined for reporting purposes as part of the financial statements of the District and are reported as a single-purpose government with one enterprise fund.

United Water Acquisition Project - Water Activity Enterprise was established for the purpose of conducting the business represented by all of the District's water facilities and properties for the United Water Acquisition Project, consisting of certain water pipelines and facilities to facilitate the acquisition, diversion, storage, carriage, delivery, treatment, transmission, distribution and provision of water to properties not served by other water facilities.

United Pipeline Acquisition Project - Water Activity Enterprise was established for the purpose of conducting the business represented by all of the District's water facilities and properties for the United Water Pipeline Acquisition Project, consisting of certain water pipelines and facilities to facilitate the acquisition, diversion, storage, carriage, delivery, treatment, transmission, distribution, and provision of water to properties not served by other water facilities.

Ravenna Project - Water Activity Enterprise was established for the purpose of financing the acquisition of water rights and the acquisition, construction and installation of the facilities necessary for the delivery of potable water to the Ravenna Metropolitan District in Douglas County, Colorado. The Ravenna Project - Water Activity Enterprise was dissolved effective March 27, 2018.

South Adams Project - Water Activity Enterprise was established for the purpose of conducting the business represented by all of the District's water facilities and properties for the South Adams Project.

Lupton Lakes Water Storage Project - Water Activity Enterprise was established for the purpose of conducting the business represented by all of the District's water facilities and properties for the development of certain facilities for the storage of water in Weld County, Colorado, including all present or future improvements, extensions, enlargements, betterments, replacements or additions to the Lupton Lakes System.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

Arapahoe County Water and Wastewater Authority (ACWWA) – Water Activity Enterprise was established for the purpose of financing the acquisition of water rights and the acquisition, construction and installation of the facilities necessary for the delivery of water to the areas determined by the Authority.

Silver Peaks – Water Activity Enterprise was established for the purpose of financing the acquisition of the water resource certificates purchased from the Silver Peaks Metropolitan District No. 1 and the subsequent accounting of the sale of the water resource certificates and the capital assets transferred to United from the Silver Peaks Metropolitan District No. 1.

Castle Rock – Water Activity Enterprise was established for the purpose of financing the acquisition of water rights and the acquisition, construction and installation of the facilities necessary for delivery of water to the Castle Rock service area.

Milliken – Water Activity Enterprise (formerly known as Gilcrest) was established for the purpose of financing the acquisition of water rights and the acquisition, construction and installation of the facilities necessary for delivery of water to the Milliken service area.

Serfer Pit Project – Water Activity Enterprise was established for the purpose of financing the acquisition of water rights and the acquisition, construction and installation of the facilities necessary for delivery of water to the properties not served by other water facilities.

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

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

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

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Operating Revenues and Expenses

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

Budgets

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

The 2017 budget included appropriations of \$20,000 for 70 Ranch Venture - Water Activity Enterprise; however, no expenditures were incurred during 2017 for this fund. No expenditures were budgeted or incurred for the Castle Rock - Water Activity Enterprise during 2017. In accordance, budget schedules are not presented.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the year ended December 31, 2017, the following supplementary appropriations approved by the Board of Directors modified the appropriations for the following funds:

Fund	Original Budget	Final Budget
General Operations	\$ 169,000	\$ 173,600
Debt Service and Improvements	\$ -	\$ 13,633,500
United Water Acquisition Project - Water Activity Enterprise	\$ 4,669,760	\$ 7,506,800
Ravenna Project - Water Activity Enterprise	\$ -	\$ 23,941,625
South Adams Project - Water Activity Enterprise	\$ 4,527,500	\$ 4,750,000
Lupton Lakes Water Storage Project - Water Activity Enterprise	\$ 3,526,300	\$ 3,774,000
ACWWA - Water Activity Enterprise	\$ 8,065,630	\$ 13,433,930
Silver Peaks Project - Water Activity Enterprise	\$ 649,662	\$ 1,781,500
Milliken Reservoir Project - Water Activity Enterprise	\$ 26,500	\$ 152,000

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of its enterprise funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

Cash Equivalents

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

Contributed Capital

The District receives contributions of capital assets from various sources. Capital assets are recorded at the appraised value of the asset or estimated fair value when contributed.

Capital Assets

Capital assets, which include land and improvements, building and improvements, vehicles, furniture and equipment, leasehold improvements and infrastructure assets (e.g. pipelines, roads, wells and similar items) with a cost or value exceeding \$5,000 are recorded at cost except for those assets that have been contributed, which are stated at estimated fair value at the date of contribution or at the developer's cost.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The costs of water rights include acquisition and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for protection of those rights, are expensed.

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. Any construction in process that will be dedicated to another entity is not depreciated. Leasehold improvements are amortized over the life of the lease. Any capital assets that will be owned and maintained by the District will be depreciated using the straight-line method over the following estimated economic useful lives:

Pipelines and water systems	50 years
Leasehold improvements	40 years
Streets and roads	40 years
Equipment and vehicles	5-10 years
Office equipment and furniture	5 years

Capitalized Interest

Interest incurred during construction is reflected in the capitalized value of the asset constructed, net of investment earnings on invested bond proceeds during the same period. There was no net interest expense capitalized during the year ended December 31, 2017.

Bond Issue Costs and Original Issue Discount

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recorded as a period expense in the year incurred.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents - restricted	\$ 16,809,522
Cash and cash equivalents - unrestricted	3,079,705
Total cash and cash equivalents	<u>\$ 19,889,227</u>

Cash and investments as of December 31, 2017 consist of the following:

Cash deposits	\$ 3,603,275
Investments	16,285,952
	<u>\$ 19,889,227</u>

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2017, the District's cash deposits had a bank balance of \$5,607,355 and a carrying balance of \$3,603,275.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

Colorado revised statutes limit investment maturities to three to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The local government investment pools, which includes the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust), are both rated AAAM by S&P Global. The Federated Government Obligations Fund is rated AAAM by S&P Global and AAA-mf by Moody's. The Federal Home Loan Banks Bond is rated AA+ by S&P Global and AAA by Moody's.

As of December 31, 2017 the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
CSAFE	Weighted average under 60 days	\$ 4,029,896
ColoTrust	Weighted average under 60 days	11,755,417
Federated Government Obligations Fund	Weighted average under 60 days	250,911
Federal Home Loan Banks Bond	Less than one year	249,728
		<u>\$ 16,285,952</u>

CSAFE

During 2017, the District invested in CSAFE, which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE.

COLOTRUST

During 2017, the District invested in Colotrust, which is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust 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. A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for Colotrust'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 Colotrust.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Federated Government Obligations Funds

During 2017, the District invested in Federated Government Obligations Fund (Government Fund), which invests primarily in short-term U.S. Treasury and governmental securities. The Government Fund is similar to a money market fund, with the goal to preserve the value of the investments at \$1.00 per share.

Cash and investments are reflected on the December 31, 2017 statement of net position as follows:

Cash and cash equivalents - unrestricted	\$ 3,079,705
Cash and cash equivalents - restricted	
Bond reserves, debt service and cost of issuance	3,675,854
Water rights escrow funds and capital improvements	13,133,668
Total cash and cash equivalents - restricted	16,809,522
Total cash and investments	\$ 19,889,227

Cash and investments are restricted for the following purposes:

Bond Reserve Funds

Cash and investments in the amount of \$624,216 at December 31, 2017 are restricted for the reserve funds of the District's Series 2012 Refunding bonds. Cash in the amount of \$500,639 is restricted for the reserve fund of the District's Series 2017 Water Certificate Refunding and Improvement Revenue Note.

Bond Funds

Cash and investments in the amount of \$2,564 at December 31, 2017 are restricted for payment of debt service on the District's Series 2012 Refunding Bonds.

Lupton Lakes Water Storage Project Bond Funds

Cash and investments in the amount of \$1,143,578 at December 31, 2017 are restricted for the payment of related project costs and debt service on the District's Lupton Lakes Series 2006 Revenue bonds.

Water Rights Escrow Fund

Cash and investments in the amount of \$2,258,208 at December 31, 2017 are held in trust and are restricted for the acquisition of water rights which will enable the District to make water deliveries of Phase 2 Water (see Note 5 - Water Supply Agreement).

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Debt Service and Improvements Fund

Cash and investments in the amount of \$9,735,169 are restricted for the payment of project costs and debt service on the District's Series 2017 Water Certificate Refunding and Improvement Revenue Note.

Other Restricted Funds

Cash and investments in the amount of \$2,543,589 are restricted for the payment of certain construction projects under an irrevocable trust agreement.

Other

Cash and investments in the amount of \$1,559 are restricted for other purposes.

Investment Valuation

Certain investments that are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in CSAFE and Colotrust at yearend for which the investment valuations were determined as follows.

CSAFE's primary goal is to maintain \$1.00 per share NAV. Many funds utilize the amortized cost method but CSAFE does not take this approach. CSAFE prices its portfolio on a weekly basis using a third-party pricing entity to determine if the pool's NAV deviates materially from \$1.00 per share. CSAFE has in place a NAV monitoring policy to take action if a material variation exists.

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share.

The Government Fund's primary goal is to provide current income consistent with stability of principal and liquidity. The fund is carried at net asset value per share.

The Federal Home Loan Banks Bond is valued using Level 1 inputs.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - CAPITAL ASSETS AND WATER RIGHTS

An analysis of the changes in capital assets for the year ended December 31, 2017 follows:

	Balance December 31, 2016	Additions	Retirements/ Adjustments	Balance December 31, 2017
Capital assets, not being depreciated				
CIP				
Water Acquisition Project	\$ 8,131,487	\$ 290,568	\$ (410,155)	\$ 8,011,900
ACWWA Projects	11,737,998	653,502	-	12,391,500
Castle Rock Water Project	540,996	-	(540,996)	-
Silver Peaks Water Project	19,790	-	-	19,790
Milliken	50,986	89,717	-	140,703
Sedalia	9,961	-	-	9,961
Serfer Pit Project	678,106	-	-	678,106
Land	2,243,530	-	-	2,243,530
Water Rights	40,928,381	925,344	(5,892,677)	35,961,048
Water Resource Credit Certificates	6,806,369	1,848,219	(680,425)	7,974,163
Water Storage	50,010	-	-	50,010
Total Capital assets not being depreciated	<u>71,197,614</u>	<u>3,807,350</u>	<u>(7,524,253)</u>	<u>67,480,711</u>
Capital assets, being depreciated				
Water Acquisition Project	20,510,247	-	-	20,510,247
Ravenna Project	8,411,615	-	(8,411,615)	-
Chambers Reservoir Water Project	14,183,827	-	-	14,183,827
Streets and roads	8,455	-	-	8,455
Leasehold improvements	166,727	-	-	166,727
Office furniture	3,219	-	-	3,219
Vehicles and equipment	272,415	-	-	272,415
Pipeline-Ravenna	473,620	-	(473,620)	-
Pump station	2,135,373	-	(2,135,373)	-
Water tank	1,537,548	-	(1,537,548)	-
Well pivot	34,000	-	-	34,000
Flumes	299,040	-	-	299,040
Brannan Pit Pumps	378,549	-	-	378,549
Alles Recharge	103,564	-	-	103,564
SCADA monitoring system	36,626	-	-	36,626
Vac System	41,282	-	-	41,282
Pipeline	5,690,000	-	-	5,690,000
Water lines	4,908,889	-	-	4,908,889
Reservoir improvements	156,404	-	-	156,404
Water wells	1,290,556	-	-	1,290,556
Total historical cost	<u>60,641,956</u>	<u>-</u>	<u>(12,558,156)</u>	<u>48,083,800</u>
Less accumulated depreciation for:				
Water acquisition project	(3,489,209)	(410,205)	-	(3,899,414)
Ravenna Project	(672,928)	(161,223)	834,151	-
Chambers Reservoir Water Project	(1,134,708)	(283,676)	-	(1,418,384)
Streets and roads	(2,133)	(211)	-	(2,344)
Leasehold improvements	(49,537)	(4,168)	-	(53,705)
Office furniture	(3,219)	-	-	(3,219)
Vehicles and equipment	(174,507)	(20,255)	-	(194,762)
Pipeline-Ravenna	(85,248)	(9,078)	94,326	-
Pump station	(383,480)	(40,928)	424,408	-
Water tank	(276,759)	(29,470)	306,229	-
Well pivot	(21,440)	(3,400)	-	(24,840)
Flumes	(14,952)	(29,904)	-	(44,856)
Brannan Pit Pumps	(18,927)	(37,855)	-	(56,782)
Alles Recharge	(5,178)	(10,356)	-	(15,534)
SCADA monitoring system	(5,732)	(3,663)	-	(9,395)
Vac System	(25,687)	(4,128)	-	(29,815)
Pipeline	(1,479,400)	(113,800)	-	(1,593,200)
Water lines	(1,010,653)	(144,379)	-	(1,155,032)
Reservoir improvements	(32,200)	(4,600)	-	(36,800)
Water wells	(265,705)	(37,957)	-	(303,662)
Total accumulated depreciation	<u>(9,151,602)</u>	<u>(1,349,256)</u>	<u>1,659,114</u>	<u>(8,841,744)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>51,490,354</u>	<u>(1,349,256)</u>	<u>(10,899,042)</u>	<u>39,242,056</u>
Total capital assets, net	<u>\$ 122,687,968</u>	<u>\$ 2,458,094</u>	<u>\$ (18,423,295)</u>	<u>\$ 106,722,767</u>

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM RECEIVABLE

Water Supply Agreement

The District entered into a Water Supply Agreement with Farmers Reservoir and Irrigation Company (FRICO) and East Cherry Creek Valley Water and Sanitation District (ECCV) acting through the East Cherry Creek Valley Water and Sanitation District Water Activity Enterprise, Inc. (ECCV Water Activity Enterprise) on December 18, 2003, for the purpose of developing an integrated water supply project in the Beebe Draw Alluvium. The agreement anticipates a reverse osmosis treatment plant to be constructed, owned and operated by ECCV Water Activity Enterprise. During 2003, the District sold water and delivery rights to 3,000 acre feet of fully consumable water per year at a price of \$18,500,000 received in cash and \$26,500,000 in the form of Subordinate Water Revenue Bonds, Series 2003 from ECCV Water Activity Enterprise, which were exchanged with Subordinate Water Revenue Exchange Bonds, Series 2004 on May 6, 2004.

Additional projects contemplated by the agreement will divert water and return flows from the South Platte River and deliver it to ECCV Water Activity Enterprise's future treatment plant and will give ECCV Water Activity Enterprise a right of first purchase of yield in excess of 5,500 acre feet from additional tributary water rights from the South Platte River that were acquired by the District (Phase 2 Water).

The District entered into an Amended and Restated Water Supply Agreement with FRICO and ECCV Water Activity Enterprise in May 2007 to develop an integrated water supply project, including the Phase 1, Phase 2 and Phase 3 of the ECCV Water Project.

ECCV Water Activity Enterprise Subordinate Water Revenue Exchange Bonds, Series 2004 dated May 6, 2004 in the original amount of \$26,793,000 mature on November 15, 2023; with an interest rate of 3.00% to December 31, 2009 and 5.00% from January 1, 2010 and thereafter, payable annually on November 15. The bonds are subject to early redemption, at the option of ECCV and ECCV Water Activity Enterprise, on any date without redemption premium. The bonds are also subject to mandatory redemption on any interest payment date, without redemption premium, to the extent of available revenue pledged to the payment of the bonds in excess of the amount of interest then due on the bonds. These bonds are limited, subordinate lien obligations of ECCV Water Activity Enterprise payable solely from the portion of the net revenues comprising 40% of water tap fees collected by ECCV or ECCV Water Activity Enterprise (Net Revenues). Any outstanding interest not paid on each November 15 compounds annually on each interest payment date at the interest rate then borne by the bonds. The bonds constitute an irrevocable lien on the Net Revenues. ECCV and ECCV Water Activity Enterprise have covenanted that a minimum water tap fee of \$15,000 per single family equivalent will be maintained.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM RECEIVABLE (CONTINUED)

The actual amounts of principal and interest payments to be made in the future will depend on future water tap fee revenue of ECCV and ECCV Water Activity Enterprise and cannot be predicted with certainty. At December 31, 2017, the outstanding amount of these bonds was \$10,006,579 which is reflected as Long-term receivable - Phase I on the Statement of Net Position. During the year ended December 31, 2017, the District received principal and interest payments of \$1,130,345 and \$556,655, respectively.

2007 Lease Purchase Agreement

The District, acting through its United Water Acquisition Project Water Activity Enterprise, entered into a Lease Purchase Agreement with ECCV Water Activity Enterprise, acting on behalf of ECCV, on July 27, 2007 (effective May 25, 2007) in the original amount of \$31,250,000, for the lease of Phase 2 Water from the District. During the term of this Agreement the District agrees, among other things, to construct certain facilities, to provide additional storage and to acquire sufficient water rights to produce not less than 2,960 acre feet of fully consumable water per year and not more than 3,221 acre feet of fully consumable water per year (Phase 2 Water) and to deliver such water to the ECCV Water Treatment Plant (as provided in the Water Supply Agreement). Principal and interest payments under the agreement are due annually on November 15 with an interest rate of 3.2%. The annual payment shall be an amount equal to the Allocated Tap Lease Revenue (defined as the portion of the Net Revenue that is equal to 38.57% of the Water Tap Fees collected by ECCV on and after November 1, 2004). The agreement terminates the earlier of November 15, 2022 or upon payment of all amounts due and the conveyance of all the Phase 2 Water to ECCV. This Agreement was amended by the Supplemental Lease Purchase Agreement entered into effective December 12, 2012 which extended the termination date from November 15, 2014 to November 15, 2017 and provided for an additional payment by ECCV to the District of \$400,000 each November 15 following the payment of operation, maintenance and senior bond expenses. At December 31, 2017, the outstanding amount under this agreement was \$14,509,005 which is reflected as Long-term receivable - Phase II and Deferred revenue – Phase II on the Statement of Net Position. During the year ended December 31, 2017, the District received principal and interest payments of \$2,285,319 and \$537,418, respectively.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations of the District for the year ended December 31, 2017.

	Balance at December 31, 2016	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
United District Water Providers					
Advance and Reimbursement Agreements	\$ 12,375,000	\$ -	\$ -	\$ 12,375,000	\$ -
Bromley District Water Providers					
Advance and Reimbursement Agreement	1,321,765	-	-	1,321,765	-
Farmers Reservoir and Irrigation Company					
Advance and Reimbursement Agreement	1,000,000	-	-	1,000,000	-
Englewood Exchange Services					
Advance and Reimbursement Agreement	202,700	-	-	202,700	-
Red Tierra Equities, L.L.C.					
Advance and Reimbursement Agreement	2,400,000	-	-	2,400,000	-
CAW Equities, LLC					
Advance and Reimbursement Agreement	-	675,000	-	675,000	-
Accrued interest on advances	14,840,274	1,047,991	153	15,888,112	-
Series 2006 Revenue Bonds-Lupton Lakes	14,020,000	-	2,975,000	11,045,000	2,935,000
Series 2006B Subordinate Capital Appreciation Revenue Bonds - Ravenna	2,286,031	-	2,286,031	-	-
Series 2007 Special Utility Revenue Bonds - Ravenna	6,875,000	-	6,875,000	-	-
Series 2009 Capital Appreciation Revenue Refunding Bonds - Ravenna	8,915,000	5,000	8,920,000	-	-
Series 2010 Revenue Note - Silver Peaks	1,706,478	-	1,706,478	-	-
Series 2012 Revenue Refunding Bonds- ECCV	6,637,000	-	1,295,000	5,342,000	-
Series 2017 Water Certificate Refunding and Improvement Revenue Note	-	13,174,000	158,500	13,015,500	428,500
	<u>\$ 72,579,248</u>	<u>\$ 14,901,991</u>	<u>\$ 24,216,162</u>	<u>\$ 63,265,077</u>	<u>\$ 3,363,500</u>

Advance and Reimbursement Agreements

United District Water Providers, LLC, Bromley District Water Providers, LLC, Englewood Exchange Services, Ltd., Red Tierra Equities, LLC and CAW Equities, LLC are related entities and are collectively referred to as the Developers.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Advance and Reimbursement Agreements - United District Water Providers, LLC

The District, acting by and through the United Water Acquisition Project Water Activity Enterprise, and United District Water Providers, LLC (UDWP) agreed to recognize an advance made by UDWP for the purchase of water rights. The Board is empowered to acquire water rights and construct and operate lines and facilities within and outside of the boundaries of the District. UDWP was the holder of a certain Water Rights Purchase and Sale Agreement (Water Rights Agreement) dated September 11, 2003, between Perkins Land & Livestock, LLC and UDWP which governed the purchase of certain water rights. Concurrent with the execution of the Water Rights Agreement, UDWP assigned to the District a portion of its rights in the Water Rights Agreement. The total consideration received by UDWP for said assignment was \$21,700,000 with \$1,200,000 paid to UDWP by the District concurrent with the closing of the Water Rights Agreement and the remaining \$20,500,000 evidenced through an advance and reimbursement agreement dated December 18, 2003, which was subsequently amended on February 14, 2006, to include an interest rate of 6% per annum. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District. At December 31, 2017 the outstanding advances under the 2003 agreement were \$7,008,000, in addition to \$9,459,835 of accrued interest.

In addition, during 2004, UDWP advanced \$5,367,000 to the District, which is evidenced by an advance and reimbursement agreement effective May 24, 2004, with an interest rate of 6% per annum. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District. At December 31, 2017 the outstanding advances under the 2004 agreement were \$5,367,000, in addition to \$4,381,237 of accrued interest.

Advance and Reimbursement Agreements - Bromley District Water Providers, LLC

The District and Bromley District Water Providers, LLC (BDWP) entered into an advance and reimbursement agreement on January 28, 2003 to recognize advances that may be made by BDWP to fund certain construction, maintenance and operating costs of the District. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District. Reimbursement is to include interest at a rate of 7% per annum. At December 31, 2017, there were no outstanding advances under the 2003 agreement.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

In addition, the District and BDWP entered into an advance and reimbursement on June 26, 2012 evidencing the advance made by BDWP through the assignment of any and all rights to payments BDWP will receive under the Water Lease Agreement between BDWP and ND, LLC (BDWP owns certain water rights that it has leased to ND, LLC). The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District. Reimbursement is to include interest at the rate of 7% per annum. At December 31, 2017, outstanding advances under the 2012 agreement totaled \$1,321,765, in addition to accrued interest of \$1,048,405.

Advance and Reimbursement Agreement - FRICO

On December 18, 2003, the District and FRICO entered into a Stock Purchase and Use Agreement whereby the District was to acquire one share of capital stock of FRICO at a cost of \$1,000,000. On September 30, 2004, the District, acting through its United Water Acquisition Project Water Activity Enterprise, entered into an advance and reimbursement agreement with FRICO as payment for the FRICO share. The District shall reimburse FRICO for the advance, together with interest at the rate of 3% per annum. The District shall make payment for the advance, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs of the District. In lieu of payment of the advance and accrued interest from available revenues, the District may make payment to FRICO by transferring to FRICO tax-exempt municipal bonds, the par amount of which bonds shall be equal to the advance and the bond interest rate shall not be less than 3% per annum. At December 31, 2017, the outstanding advance under the 2004 agreement was \$1,000,000, in addition to \$397,562 of accrued interest.

Advance and Reimbursement Agreement - Englewood Exchange Services, Ltd. (Assigned to Robert A. Lembke on January 1, 2016, and further assigned by Robert A. Lembke to RAL Holdings, LLC on June 8, 2016)

The District and Englewood Exchange Services, Ltd. (Englewood Exchange) entered into an advance and reimbursement agreement on November 15, 2005 to recognize advances that may be made by Englewood Exchange to fund certain construction, maintenance and operating costs of the District. The District shall reimburse Englewood Exchange for the advances, together with interest at the rate of 7% per annum. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. As of December 31, 2017, outstanding advances totaled \$202,700, in addition to accrued interest of \$264,224.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

On January 1, 2016, the District, Englewood Exchange and Robert A. Lembke entered into the Assignment Re Advance and Reimbursement Agreement whereby Englewood Exchange assigned the rights arising out of the terms and conditions of the 2005 advance and reimbursement agreement (described above) to Robert A. Lembke. On June 8, 2016, the District, Robert A. Lembke and RAL Holdings, LLC, entered into the Assignment Re Advance and Reimbursement Agreement whereby Robert A. Lembke further assigned the rights arising out of the terms and conditions of the 2005 advance and reimbursement agreement (described above) which were assigned to him on January 1, 2016, to RAL Holdings, LLC.

Advance and Reimbursement Agreement - Red Tierra Equities, LLC

Red Tierra Equities, LLC (Red Tierra) agreed to the conveyance of 2,000 Series B shares of Colorado Augmentation Canal Company (CACC shares) to the District so that the District could further its water infrastructure development projects. The District and Red Tierra agreed to recognize the conveyance of the CACC shares as an advance of funds of \$2,400,000 to the District and entered into an advance and reimbursement agreement effective December 30, 2015. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. Reimbursement is to include interest at the rate of 7% per annum. As of December 31, 2017, outstanding advances totaled \$2,400,000, in addition to accrued interest of \$336,461.

Advance and Reimbursement Agreement - CAW Equities, LLC

On November 6, 2017, CAW Equities, LLC (CAW Equities) entered into an advance and reimbursement agreement to recognize advances that may be made by CAW Equities to fund operating and maintenance costs of the District. The District shall reimburse CAW Equities for the advances, together with interest compounded annually at the rate of 7%. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. As of December 31, 2017, outstanding advances totaled \$675,000, in addition to accrued interest of \$388.

Capital Appreciation Revenue Bonds, Subordinate Series 2006B

On June 29, 2006, the District, acting through its Ravenna Project Water Activity Enterprise, issued \$1,570,000 in Subordinate Capital Appreciation Bonds, Series 2006B (2006B Bonds) for the purpose of financing a portion of the acquisition of water rights. The 2006B Bonds were purchased by Bromley Park Water Providers, LLC, and were subordinate to and not payable until such time as the Capital Appreciation Revenues Bonds, Series 2006 (Senior Bonds), as refunded on February 2, 2009, were no longer outstanding. The Ravenna Project Water Activity Enterprise Capital Appreciation Revenue Bonds, Series 2009 matured on December 15, 2016 (see below). The 2006B Bonds matured on December 15, 2011, and accreted in value from

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

June 29, 2006 at an accretion rate of 7.0%, compounding semi-annually on each June 15 and December 15, commencing December 15, 2006 until December 31, 2011. Any portion of the 2006B Bonds outstanding as of the maturity date were to bear interest at the rate of 7.0%, compounded semi-annually, to accrue on the unpaid accreted value as of the maturity date from the maturity date until full payment of the bonds. Such interest, together with any unpaid accreted value, was payable each June 15 and December 15 to the extent pledged revenues were available. The 2006B Bonds had no scheduled payments prior to December 15, 2013. The accreted value at December 31, 2016 was \$2,286,031.

The 2006B Bonds were special, limited revenue obligations of United Water & Sanitation District acting by and through its Ravenna Project Water Activity Enterprise, payable solely from and secured solely by the pledged revenue and were not deemed or construed as creating a debt of multiple fiscal year direct or indirect debt or other financial obligation of United Water & Sanitation District.

On November 16, 2017, Ravenna Metropolitan District issued its Limited Tax General Obligation Refunding and Improvement Convertible Capital Appreciation Bonds, Series 2017A and Supplemental "B" Interest Registered Coupons and Subordinate Limited Tax General Obligation Refunding Bonds, Series 2017B (2017 Ravenna Bonds) in the amounts of \$31,995,697, \$1,585,000 and \$8,000,000, respectively. The purpose of the issuance of the 2017 Ravenna Bonds by Ravenna Metropolitan District was in part to fully retire certain obligations of the District related to the Ravenna Metropolitan District, including the 2006B Bonds, the Convertible Capital Appreciation Special Utility Revenue Bonds Series 2007 Bonds (see below) and the Capital Appreciation Revenue Refunding Bonds, Series 2009 Bonds (see below). The amount paid to retire the 2006B Bonds totaled \$3,415,043, consisting of bond principal of \$2,286,031 and interest of \$1,129,012.

Revenue Bonds, Series 2006 – LUPTON LAKES

On September 27, 2006, the District, acting through its Lupton Lakes Water Storage Project Water Activity Enterprise, issued \$20,400,000 in revenue bonds, Series 2006 (2006 Bonds) for the purpose of financing the purchase of water, funding a debt service reserve for the 2006 Bonds, capitalizing a portion of the interest to accrue on the 2006 Bonds and paying the costs of issuing the 2006 Bonds. The 2006 Bonds are term bonds and mature on March 1, 2021. Interest is payable March 1 and September 1 at an interest rate of 6% per annum beginning March 1, 2007. The 2006 Bonds are subject to mandatory sinking fund redemption as determined by the trustee prior to the maturity date of the 2006 Bonds, upon payment of the principal amount so redeemed together with accrued interest. The 2006 Bonds are subject to extraordinary mandatory redemption as determined by the trustee on any interest payment date, at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without premium, but only from and to the extent of amounts on deposit in the bond fund constituting "excess pledged revenue" and the reserve fund have been fully funded and the mandatory sinking fund requirements applicable to the 2006 Bonds have been satisfied and amounts released from the reserve fund or amounts received by Lupton Lakes Water Storage

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Project Water Activity Enterprise under the pledge and security agreement or from FRICO revenue sub-account under the escrow agreement.

The 2006 Bonds constitute special, limited revenue obligations of Lupton Lakes Water Storage Project Water Activity Enterprise payable solely from and secured by an irrevocable pledge of and first lien on the trust estate created by the indenture, including pledged revenue comprised primarily of a portion of the amounts, if any, paid by the South Adams County Water District and South Adams Water and Sanitation District (SAWSD), acting by and through its water and sewer enterprise, to maintain and exercise its options to purchase certain shares of stock in the municipal division of FRICO, pursuant to an amended stock purchase agreement entered into among FRICO, SAWSD and certain other entities. It is expected that SAWSD will maintain and exercise these option rights primarily from and to the extent of amounts payable by various owners of land within its boundaries who have entered into participation agreements with SAWSD. However, SAWSD is not obligated directly or indirectly to pay the 2006 Bonds and is under no obligation to maintain or exercise its option rights under the stock purchase agreement, except as provided in the participation agreements. The pledged revenue also includes amounts loaned to Lupton Lakes Water Storage Project Water Activity Enterprise by FRICO. To the extent that pledged revenue, capitalized interest and amounts on deposit in the reserve fund are not sufficient to meet the debt service requirements on the 2006 Bonds, the 2006 Bonds will be payable by FRICO pursuant to the amended and restated pledge and security agreement to be entered into by and among Lupton Lakes Water Storage Project Water Activity Enterprise, the District acting by and through it South Adams Project Enterprise, FRICO, and the trustee, which obligation is secured by a portion of the shares that are not acquired by SAWSD.

The 2006 Bonds have a required debt service reserve equal to 10% of the outstanding balance of the bonds. The required reserve as of December 31, 2017 was \$1,104,500. As of December 31, 2017 the balance of the debt service reserve account was \$1,141,559.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2006 Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,935,000	\$ 619,950	\$ 3,554,950
2019	3,180,000	436,500	3,616,500
2020	3,440,000	237,900	3,677,900
2021	1,490,000	67,350	1,557,350
	<u>\$ 11,045,000</u>	<u>\$ 1,361,700</u>	<u>\$ 12,406,700</u>

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Convertible Capital Appreciation Special Utility Revenue Bonds Series 2007

On July 10, 2007, the District, acting through its Ravenna Project Water Activity Enterprise, issued \$5,988,558 (value at issuance) or \$7,130,000 (value at conversion to current interest bonds) of Convertible Capital Appreciation Special Utility Revenue Bonds Series 2007 (2007 Bonds). The 2007 Bonds were to mature on December 1, 2037. The 2007 Bonds were initially convertible capital appreciation term bonds bearing no interest prior to conversion. The 2007 Bonds were sold for the original principal amount of \$5,988,558, and accreted in value at an accretion rate of 6.125% compounding semiannually on each June 15 and December 15. The 2007 Bonds transitioned to interest bearing bonds on June 1, 2010, the conversion date, upon reaching full accretion.

The 2007 Bonds were issued for the purpose of providing funds to (i) finance the acquisition of water rights and the acquisition, construction and installation of facilities necessary to deliver potable water to the Ravenna Metropolitan District, in Douglas County, Colorado, (ii) fund a debt service reserve fund for the bonds, and (iii) pay the costs of issuing the bonds. The 2007 Bonds were special, limited revenue obligations of the Ravenna Project Water Activity Enterprise, payable solely from and secured by an irrevocable pledge of and first lien on the trust estate created by the indenture, comprised primarily of lease payments received by Ravenna Project Water Activity Enterprise for connection to the water facilities and services to be provided by Ravenna Project Water Activity Enterprise to Ravenna Metropolitan District.

As discussed above, on November 16, 2017, Ravenna Metropolitan District issued its 2017 Ravenna Bonds in part to fully retire certain obligations of the District related to Ravenna Metropolitan District, including the 2007 Bonds. The amount paid to retire the 2007 Bonds included \$9,160,430 from the proceeds of the 2017 Ravenna Bonds issuance and \$423,893 from the District's 2007 Bonds bond fund, consisting of bond principal of \$6,875,000 and interest of \$2,709,323.

Ravenna Project Water Activity Enterprise Capital Appreciation Revenue Refunding Bonds Series 2009

On February 2, 2009, the District issued \$10,535,000 Capital Appreciation Revenue Refunding Bonds, Series 2009 (2009 Bonds) in the original principal amount of \$6,371,568 for the purpose of refunding all of the outstanding Ravenna Project Water Activity Enterprise Capital Appreciation Bonds, Series 2006 (extending the final maturity of the Series 2006 bonds an additional five years to 2016) and paying the costs of issuance of the bonds. The 2009 Bonds were to accrete in value at a rate of 6.5% compounding semi-annually on each June 15 and December 15, commencing June 15, 2009. The 2009 Bonds were subject to mandatory redemption beginning June 15, 2009 and each June 15 and December 15 thereafter until final maturity on December 15, 2016. Any 2009 Bond not fully paid when due continued to accrete in value at the rate of 6.5%, compounded semi-annually on June 15 and December 15 of each year. The 2009 Bonds were also subject to mandatory sinking fund and extraordinary mandatory redemption prior to maturity. The 2009 Bonds were secured by and payable from pledged revenue which consisted of water tap fees and water resource fees.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

As discussed above, on November 16, 2017, Ravenna Metropolitan District issued its 2017 Ravenna Bonds in part to fully retire certain obligations of the District related to Ravenna Metropolitan District, including the 2009 Bonds. The amount paid to retire the 2009 Bonds totaled \$9,898,160, consisting of bond principal of \$8,920,000 and interest of \$978,160.

Silver Peaks Water Activity Enterprise Revenue Note Series 2010

On June 30, 2010, the District, acting through its Silver Peaks Water Activity Enterprise, issued its \$5,250,000 Revenue Note Series 2010 (2010 Note). Principal and interest on the 2010 Note was payable annually on December 1 each year commencing December 1, 2010 until all principal and interest was paid. The interest rate on the 2010 Note was 5.0% per annum. The 2010 Note was issued for the purpose of providing funds to (i) finance improvements related to its water system and (ii) fund a debt service reserve for the 2010 Note.

On June 1, 2017, the 2010 Note was paid off with the issuance of the District's \$13,174,000 Water Certificate Refunding and Improvement Revenue Note, Series 2017 (see below).

Revenue Refunding Bonds, Series 2012

On December 19, 2012, the District, acting through its United Water Acquisition Project Water Activity Enterprise, issued \$10,780,000 in Revenue Refunding Bonds, Series 2012 (2012 Bonds) to refund the District's Revenue Refunding and Improvement Bonds, Series 2004A. The 2012 Bonds will mature on December 1, 2023, and are payable from pledged revenues which are amounts received from the ECCV Water Activity Enterprise Subordinate Water Exchange Bonds (see Note 5). Interest is payable annually on December 1 at a rate of 6% per annum. To the extent that interest is not paid when due, such interest shall compound annually on each interest payment date, at the rate then borne by the bonds. The bonds are subject to mandatory redemption on any interest payment date to the extent funds are available.

These bonds have a required debt service reserve of \$623,422. As of December 31, 2017, the balance of the debt service reserve account was \$624,216.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the bonds. This schedule is based upon projected water tap sales of ECCV and ECCV Water Activity Enterprise; however, there is no assurance that water taps will be sold in the amounts projected.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,300,000	\$ 320,520	\$ 1,620,520
2019	1,500,000	242,520	1,742,520
2020	1,750,000	152,520	1,902,520
2021	792,000	47,520	839,520
	<u>\$ 5,342,000</u>	<u>\$ 763,080</u>	<u>\$ 6,105,080</u>

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Water Certificate Refunding and Improvement Revenue Note, Series 2017

On June 26, 2017, the District issued its \$13,174,000 Water Certificate Refunding and Improvement Revenue Note, Series 2017 (2017 Note). Principal and interest on the 2017 Note is payable semi-annually on June 1 and December 1 each year commencing on December 1, 2017. The 2017 Note will mature on June 1, 2027, and payable from pledged revenues including proceeds from the sale of water certificates held as collateral for the 2017 Note and any other legally available monies of the District as defined in the loan agreement. The interest rate on the 2017 Note is 4.02% per annum. The 2017 Note was issued for the purpose of providing funds to (i) refund the 2010 Note, (ii) purchase water certificates for the planning, design and construction of various projects, (iii) purchase water resource credit certificates to be used to provide water to residents of the Town of Lochbuie and (iv) paying the costs of issuing the note.

The following table sets forth the estimated debt service payment schedule for the principal and interest on the 2017 Note.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 428,500	\$ 519,073	\$ 947,573
2019	492,500	501,214	993,714
2020	551,500	480,711	1,032,211
2021	623,000	457,827	1,080,827
2022	700,000	432,019	1,132,019
2023-2027	10,220,000	1,534,887	11,754,887
	<u>\$ 13,015,500</u>	<u>\$ 3,925,731</u>	<u>\$ 16,941,231</u>

Authorized Debt

On November 4, 2014, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in an amount not to exceed \$680,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2017, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

Storm sewer and drainage	\$ 100,000,000
Regional water improvements	240,000,000
Debt refunding	340,000,000
	<u>\$ 680,000,000</u>

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 - NET POSITION

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

The net investment in capital assets consists of capital assets that will be owned by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. As of December 31, 2017 the District had a net investment in capital assets in the amount of \$86,782,599 calculated as follows:

Net investment in capital assets:	
Capital assets, net	\$ 106,722,767
Capital related to portion of debt	<u>(19,940,168)</u>
	<u>\$ 86,782,599</u>

Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted amounts of \$2,549,025 as of December 31, 2017.

As of December 31, 2017, the District had a deficit unrestricted net position of \$16,589,349. This deficit amount is primarily the result of expenditures being in excess of the revenues available. This deficit is expected to be eliminated by anticipated decreases in direct expenses from water sales and intergovernmental expenditures.

NOTE 8 - RELATED PARTIES

The members of the Board of Directors of the District are employees, owners or associated with the Developers and may have conflicts of interest in dealing with the District (see Note 6).

**UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 9 – INTERFUND TRANSFERS

During 2017, transfers were made between funds to provide for operating, administrative and capital expenses. South Adams Project - Water Activity Enterprise made transfers to Lupton Lakes Water Storage Project - Water Activity Enterprise for debt-related expenses in the amount of \$3,233,719. The Debt Service and Improvements Fund and the United Water Acquisition Project - Water Activity Enterprise made fund transfers as follows:

<u>Fund / Enterprise</u>	<u>Transfer In (Out)</u>	<u>Amount</u>
General Operations	Transfer In	\$ 168,679
Debt Service and Improvements	Transfer Out	(1,113,234)
Capital Projects	Transfer In	10,290
United Water Acquisition Project	Transfer Out	(1,774,073)
Ravenna Project	Transfer in	1,258,437
ACWWA	Transfer Out	1,150,728
Silver Peaks Project	Transfer In	130,380
Milliken Reservoir Project	Transfer In	145,230
Serfer Pit Project	Transfer In	23,563
		<u>\$ -</u>

NOTE 10 – INTERGOVERNMENTAL AGREEMENTS

In 2009, the District entered into an agreement with ACWWA and ECCV to provide ACWWA and ECCV an integrated system for the diversion, accretion, collection, storage, transmission and treatment of each of the parties water rights.

United Water & Sanitation District, Sand Hills Metropolitan District (Sand Hills), South Beebe Draw Metropolitan District (South Beebe Draw) and Platte River Water Development Authority (Platte River Water) entered into a Funding and Construction Agreement for 70 Ranch Reservoir on July 28, 2015. The agreement provides for funding and construction of the 70 Ranch Reservoir by the three districts. Platte River Water received the construction funding and was obligated to effectuate the construction of the reservoir. Effective September 26, 2017, the Funding and Construction Agreement was transferred to Weld Adams Water Development Authority (see below).

The combined maximum construction contribution amount from Sand Hills and South Beebe Draw is, in aggregate, \$16,500,000. United Water & Sanitation District is obligated to advance funds for construction in excess of the Sand Hills and South Beebe Draw amounts in an amount sufficient to fully fund the construction costs. The reservoir is expected to be constructed in two phases and Phase I began construction in or around April 2015. During the year ended December 31, 2017, United Water & Sanitation District contributed \$5,000,000 to Platte River Water pursuant to the funding agreement.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

On September 6, 2017, the District and South Beebe Draw created Weld Adams Water Development Authority (WAWDA), a water resource authority. WAWDA was created for the purpose of establishing a process for the financing, design, construction, acquisition, operation, maintenance and use of water facilities and services.

Under the establishing contract for WAWDA, the District and South Beebe Draw agreed to transfer certain assets to WAWDA in acknowledgement for certain assets, contracts and budgeted projects assigned to WAWDA from Platte River Water. The District agreed to transfer to WAWDA certain ECCV Water Activity Enterprise Subordinate Water Revenue Exchange Bonds, Series 2004, dated May 6, 2004, in the approximate amount of \$5,000,000 within thirty days after the full defeasance of the District's 2012 Bonds. In the alternative, the District may make one or more transfers to WAWDA in the aggregate amount of \$5,000,000 as funds become available prior to the defeasance of the 2012 Bonds. Future contributions by the District and South Beebe Draw will be agreed upon from time to time by all parties based on project funding needs.

In addition, effective September 26, 2017, Platte River Water and WAWDA entered into an intergovernmental agreement under which various ownership, contractual and budgeted obligations of Platte River Water were assigned and delegated to WAWDA.

NOTE 11 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2017. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes its operations qualify for this exclusion.

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 5, 2002, and on November 4, 2014, a majority of the District's electors authorized the District to collect, retain and spend any and all amounts annually from any revenue sources whatsoever other than ad valorem taxes, and such revenues are to be collected and spent by the District as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

NOTE 13 - WATER COURT CASES

Under Colorado law, any change of water rights is adjudicated through a specialized District Water Court. During 2017, the District, in association with the East Cherry Creek Water and Sanitation District (ECCV) and the Arapahoe County Water and Wastewater Authority (ACWWA), were applicants in two pending change of water right cases, one of which has now been resolved. These cases were filed to change certain water rights from irrigation to municipal use and to change the location of use from historically irrigated acres to municipal use within the ECCV and ACWWA service areas. These cases are not traditional civil actions, in that no damages or any other civil judgments may be entered by the District Water Court. Therefore, these court actions cannot result in any monetary judgment or other civil judgment other than the adjudication of the change of water rights requested.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 13 - WATER COURT CASES (CONTINUED)

In addition, the District was an applicant for its own water rights in two cases involving rights to water for storage and ultimately municipal and other uses. One of those cases has now been resolved. Again, there are no damages or any other civil judgments that may be entered by the Water Court and the court actions cannot result in any monetary judgement or other civil judgement other than the adjudication of the water rights.

Finally, in addition to being an applicant in the cases discussed above, the District has filed statements of opposition in various applications filed by other parties seeking changes of use in other contexts. These cases are of the same nature as the District's applications, but from the inverse side. At issue in those cases are the terms and conditions that will be imposed on the changes of water rights sought by other parties.

In Colorado, participation in water court applications is considered to be standard business proceedings. As the District continues to develop its water supply system, it is likely that it will continue to be both an applicant and an objector in future proceedings.

NOTE 14 – LITIGATION

Sand Hills Metropolitan District

On November 1, 2013, Bill Barrett Corporation and Bonanza Creek Energy, Inc. (Plaintiffs) filed a complaint in Weld County District Court (2013CV30928) against Sand Hills alleging that Sand Hills was improperly assessing taxes against the Plaintiffs' leasehold oil and gas interests. The Plaintiffs later amended the complaint to include the District due to intergovernmental agreements between the District and Sand Hills to jointly cooperate and fund certain facilities. Both Plaintiffs and Sand Hills/the District filed motions for partial summary judgment and plaintiffs also motioned for a preliminary injunction to require Sand Hills to escrow all tax receipts pending resolution of the case. On June 5, 2014, the court denied the Plaintiffs' motion for a preliminary injunction. On June 26, 2014, the court ruled that summary judgment could not be granted as to whether the statute of limitations bars the Plaintiffs' claims until it decided whether a constitutional violation pursuant to TABOR is found. A final order of the district court was issued July 14, 2015. The Court of Appeals issued its decision on October 6, 2016. The Court of Appeals affirmed the trial court in part, reversed the trial court in part and remanded the case with directions to order the release of the preserved funds for 2011-2013 and to enter a judgment for funds collected from April 29, 2009 until April 28, 2011, consistent with the finding of the Court of Appeals that the inclusion of the 70 Ranch constituted a material modification of the District's service plan requiring the consent of Weld County. The Districts filed a petition for writ of certiorari to the Colorado Supreme Court regarding the decision of the Court of Appeals on November 15, 2016. The decision of the Colorado Court of Appeals did not contain any orders or remands directed at the District. The Supreme Court denied the writ of certiorari on September 11, 2017 and the case was remanded to the Weld County District Court for further proceedings. The Weld County District court entered its Judgment and Order re Principal on January 16, 2018, awarding an aggregate amount in excess of \$19,000,000 to Plaintiffs to be paid by Sand Hills. No judgment was entered against United.

UNITED WATER & SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 14 – LITIGATION (CONTINUED)

Thereafter, in April 2018, Sand Hills filed for bankruptcy. United is not a part of the bankruptcy case. On September 4, 2018, Sand Hills and the Plaintiffs entered into a settlement of the bankruptcy and of the Weld County District Court case which, if approved by the bankruptcy court, will terminate the Weld County District Court proceedings. The settlement agreement does not place any obligations on the District.

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

SUPPLEMENTAL INFORMATION

The following Schedules of Revenues, Expenditures and Changes in Funds Available of the General Operations, Debt Service and Capital Improvements, Capital Projects, United Water Acquisition Project - Water Activity Enterprise, Ravenna Project – Water Activity Enterprise, South Adams Project - Water Activity Enterprise, Lupton Lakes Water Storage Project - Water Activity Enterprise, ACWWA - Water Activity Enterprise, Silver Peaks Project - Water Activity Enterprise, Milliken Reservoir Project - Water Activity Enterprise and Serfer Pit Project - Water Activity Enterprise are presented to demonstrate compliance with a resolution of the Board of Directors of the United Water & Sanitation District adopting and establishing water activity enterprises pursuant to Article 45.1, Title 37, Colorado Revised Statutes, 1973, as amended. For basic financial statement presentation purposes the District is reported as a single enterprise fund. For budgetary purposes the District separately budgets for specific components of this enterprise fund.

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
GENERAL OPERATIONS
Year Ended December 31, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 200	\$ 2,100	\$ 2,062	\$ (38)
Miscellaneous	-	2,500	2,537	37
Total revenues	<u>200</u>	<u>4,600</u>	<u>4,599</u>	<u>(1)</u>
EXPENDITURES				
<u>General</u>				
Audit	-	1,600	1,608	(8)
Conferences and training	25,000	-	-	-
Directors' fees	5,000	7,300	7,300	-
District management and accounting	8,000	13,600	13,563	37
Dues and subscriptions	10,000	10,700	10,667	33
Insurance and bonds	3,500	3,000	2,965	35
Legal	8,000	11,000	10,810	190
Licenses and fees	1,500	-	-	-
Miscellaneous	8,000	4,700	4,727	(27)
Support services	100,000	121,700	121,638	62
Total expenditures	<u>169,000</u>	<u>173,600</u>	<u>173,278</u>	<u>322</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(168,800)</u>	<u>(169,000)</u>	<u>(168,679)</u>	<u>321</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	168,800	169,000	168,679	(321)
Total other financing sources	<u>168,800</u>	<u>169,000</u>	<u>168,679</u>	<u>(321)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUNDS AVAILABLE - BEGINNING OF YEAR	-	-	-	-
FUNDS AVAILABLE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds available is computed as follows:				
Current assets			\$ 150,200	
Current liabilities			(150,200)	
			<u>\$ -</u>	

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
CAPITAL PROJECTS
Year Ended December 31, 2017

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Miscellaneous	\$ 1,600	\$ 2,558	\$ 958
Total revenues	<u>1,600</u>	<u>2,558</u>	<u>958</u>
EXPENDITURES			
District management and accounting	10,000	4,243	5,757
Engineering	9,000	-	9,000
Legal	8,000	2,673	5,327
Miscellaneous	1,500	-	1,500
Support services	26,000	6,032	19,968
Total expenditures	<u>54,500</u>	<u>12,948</u>	<u>41,552</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(52,900)</u>	<u>(10,390)</u>	<u>42,510</u>
OTHER FINANCING SOURCES			
Transfer from other funds	52,900	10,290	(42,610)
Total other financing sources	<u>52,900</u>	<u>10,290</u>	<u>(42,610)</u>
NET CHANGE IN FUND BALANCE	-	(100)	(100)
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>-</u>	<u>100</u>	<u>100</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds available is computed as follows:			
Current assets		<u>\$ -</u>	
		<u>\$ -</u>	

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
DEBT SERVICE AND IMPROVEMENTS
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Water resource certificate sales	\$ -	\$ 632,000	\$ 631,571	\$ (429)
Interest	-	60,000	62,580	2,580
Total revenues	<u>-</u>	<u>692,000</u>	<u>694,151</u>	<u>2,151</u>
EXPENDITURES				
<u>Capital Outlay</u>				
Capital projects	-	10,000,000	-	10,000,000
Water resource certificate purchases	-	1,848,000	1,848,219	(219)
<u>Debt Service</u>				
Costs of note issuance	-	274,000	273,949	51
Note principal	-	158,500	158,500	-
Note interest	-	228,000	228,019	(19)
Paying agent fees	-	12,000	10,422	1,578
Total expenditures	<u>-</u>	<u>12,520,500</u>	<u>2,519,109</u>	<u>10,001,391</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>-</u>	<u>(11,828,500)</u>	<u>(1,824,958)</u>	<u>10,003,542</u>
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	13,174,000	13,174,000	-
Transfers to other funds	-	(1,113,000)	(1,113,234)	(234)
Total other financing sources (uses)	<u>-</u>	<u>12,061,000</u>	<u>12,060,766</u>	<u>(234)</u>
NET CHANGE IN FUND BALANCE				
	-	232,500	10,235,808	10,003,308
FUNDS AVAILABLE - BEGINNING OF YEAR				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUNDS AVAILABLE - END OF YEAR				
	<u>\$ -</u>	<u>\$ 232,500</u>	<u>\$ 10,235,808</u>	<u>\$ 10,003,308</u>
Funds available is computed as follows:				
Current assets			<u>\$ 10,235,808</u>	
			<u>\$ 10,235,808</u>	

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
UNITED WATER ACQUISITION PROJECT - WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Operation charges	\$ 400,000	\$ 400,000	\$ 424,129	\$ 24,129
ECCV payment - phase 1	2,750,000	1,300,000	1,130,345	(169,655)
ECCV payment - phase 2	1,005,000	2,800,000	2,285,319	(514,681)
Water lease	4,000	4,000	-	(4,000)
Interest	750,000	750,000	1,086,497	336,497
Miscellaneous	6,000	100,000	151,271	51,271
Other revenue	-	1,792,000	-	(1,792,000)
Total revenues	<u>4,915,000</u>	<u>7,146,000</u>	<u>5,077,561</u>	<u>(2,068,439)</u>
EXPENDITURES				
<u>General</u>				
Advertising	1,000	1,000	-	1,000
Appraisals	-	22,000	22,305	(305)
Audit	7,000	7,000	5,226	1,774
District management and accounting	56,000	93,000	111,389	(18,389)
Dues and subscriptions	5,500	5,500	-	5,500
Engineering	-	-	68,138	(68,138)
Insurance and bonds	16,000	16,000	13,552	2,448
Legal	25,000	120,000	138,395	(18,395)
Licenses and fees	5,000	5,000	2,050	2,950
Miscellaneous	20,000	20,000	638,782	(618,782)
Water engineer	40,000	60,000	46,145	13,855
SCADA monitoring	30,000	75,000	64,592	10,408
Support services	300,000	350,000	326,037	23,963
System operations, repair and maintenance	200,000	475,000	657,671	(182,671)
Utilities	50,000	165,000	160,958	4,042
Water assessments	75,000	100,000	13,828	86,172
Small tools and equipment	3,000	7,000	-	7,000
<u>Capital Outlay</u>				
Engineering and consulting	120,000	460,000	205,315	254,685
Engineering and consulting - water court	60,000	30,000	10,409	19,591
Legal - water court	100,000	325,000	327,108	(2,108)
Permits	1,300	1,300	-	1,300
Pipeline	-	5,000	-	5,000
Pump station	-	-	47,358	(47,358)
Surveying and mapping	10,000	40,000	37,894	2,106
TH Ranch	7,500	7,500	-	7,500
Water rights	10,000	20,000	-	20,000
Other capital improvements	-	1,792,500	-	1,792,500
<u>Debt Service</u>				
Bond principal	3,248,000	1,600,000	1,295,000	305,000
Bond interest	275,460	500,000	398,220	101,780
Repayment of developer advance - interest	-	-	153	(153)
Paying agent fees	4,000	4,000	6,058	(2,058)
Total expenditures	<u>4,669,760</u>	<u>6,306,800</u>	<u>4,596,583</u>	<u>1,710,217</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>245,240</u>	<u>839,200</u>	<u>480,978</u>	<u>(358,222)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	632,937	632,937
Developer advance	-	-	675,000	675,000
Transfer to other funds	-	(1,200,000)	(1,774,073)	(574,073)
Total other financing sources (uses)	<u>-</u>	<u>(1,200,000)</u>	<u>(466,136)</u>	<u>733,864</u>
NET CHANGE IN FUND BALANCE	245,240	(360,800)	14,842	375,642
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>(218,398)</u>	<u>3,795,263</u>	<u>3,795,263</u>	<u>-</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 26,842</u>	<u>\$ 3,434,463</u>	<u>\$ 3,810,105</u>	<u>\$ 375,642</u>
Funds available is computed as follows:				
Current assets			\$ 4,060,212	
Current liabilities			<u>(250,107)</u>	
Funds available			<u>\$ 3,810,105</u>	

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
RAVENNA PROJECT - WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Operations charges	\$ -	\$ 189,400	\$ 189,359	\$ (41)
Interest	-	3,700	3,778	78
Contribution from Ravenna Metropolitan District		13,313,202	13,313,202	-
Total revenues	-	13,506,302	13,506,339	37
EXPENDITURES				
<u>General</u>				
District management and accounting	-	4,600	4,547	53
Engineering and consulting	-	10,500	10,322	178
Legal	-	695,500	695,198	302
Miscellaneous	-	84,000	83,904	96
Repairs and maintenance	-	208,000	207,916	84
Support services	-	2,500	2,261	239
Utilities	-	35,500	35,133	367
<u>Debt Service</u>				
Bond principal	-	18,081,031	18,081,031	-
Bond interest	-	4,816,494	4,816,494	-
Paying agent fees	-	3,500	3,531	(31)
Total expenditures	-	23,941,625	23,940,337	1,288
EXCESS OF EXPENDITURES OVER REVENUES	-	(10,435,323)	(10,433,998)	1,325
OTHER FINANCING SOURCES				
Sale of capital assets	-	9,160,430	9,160,430	-
Transfers from other funds	-	1,381,600	1,258,437	(123,163)
Total other financing sources	-	10,542,030	10,418,867	(123,163)
NET CHANGE IN FUND BALANCE	-	106,707	(15,131)	(121,838)
FUNDS AVAILABLE - BEGINNING OF YEAR	(16,841)	15,131	15,131	-
FUNDS AVAILABLE - END OF YEAR	\$ (16,841)	\$ 121,838	\$ -	\$ (121,838)
Funds available is computed as follows:				
Current assets			\$ 125,771	
Current liabilities			(125,771)	
			\$ -	

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
SOUTH ADAMS PROJECT - WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Water sales	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -
Option payment	1,692,719	1,692,719	1,692,719	-
Interest	7,000	17,000	17,325	325
Total revenues	<u>4,699,719</u>	<u>4,709,719</u>	<u>4,710,044</u>	<u>325</u>
EXPENDITURES				
<u>General</u>				
Audit	2,000	2,000	1,608	392
District management and accounting	12,500	22,000	21,194	806
Legal	10,000	14,000	13,354	646
FRICO payment - water shares	1,500,000	1,475,000	1,467,503	7,497
Paying agent fees	3,000	3,000	3,005	(5)
Total expenditures	<u>1,527,500</u>	<u>1,516,000</u>	<u>1,506,664</u>	<u>9,336</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,172,219</u>	<u>3,193,719</u>	<u>3,203,380</u>	<u>9,661</u>
OTHER FINANCING USES				
Transfer to other funds	(3,000,000)	(3,234,000)	(3,233,719)	281
Total other financing uses	<u>(3,000,000)</u>	<u>(3,234,000)</u>	<u>(3,233,719)</u>	<u>281</u>
NET CHANGE IN FUND BALANCE	172,219	(40,281)	(30,339)	9,942
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>2,357,654</u>	<u>1,656,383</u>	<u>1,656,383</u>	<u>-</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 2,529,873</u>	<u>\$ 1,616,102</u>	<u>\$ 1,626,044</u>	<u>\$ 9,942</u>
Funds available is computed as follows:				
Current assets			\$ 2,258,208	
Current liabilities			(632,164)	
			<u>\$ 1,626,044</u>	

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
LUPTON LAKES WATER STORAGE PROJECT - WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 10,000	\$ 17,000	\$ 17,317	\$ 317
Total revenues	<u>10,000</u>	<u>17,000</u>	<u>17,317</u>	<u>317</u>
EXPENDITURES				
<u>General</u>				
Audit	2,000	2,000	1,608	392
District management and accounting	12,500	22,000	21,194	806
Legal	7,000	9,500	9,352	148
<u>Debt Service</u>				
Bond principal	2,710,000	2,975,000	2,975,000	-
Bond interest	789,300	760,000	759,900	100
Paying agent fees	5,500	5,500	5,528	(28)
Total expenditures	<u>3,526,300</u>	<u>3,774,000</u>	<u>3,772,582</u>	<u>1,418</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(3,516,300)</u>	<u>(3,757,000)</u>	<u>(3,755,265)</u>	<u>1,735</u>
OTHER FINANCING SOURCES				
Transfer from other funds	3,000,000	3,234,000	3,233,719	(281)
Total other financing sources	<u>3,000,000</u>	<u>3,234,000</u>	<u>3,233,719</u>	<u>(281)</u>
NET CHANGE IN FUND BALANCE	(516,300)	(523,000)	(521,546)	1,454
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>1,194,063</u>	<u>1,875,218</u>	<u>1,875,218</u>	<u>-</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 677,763</u>	<u>\$ 1,352,218</u>	<u>\$ 1,353,672</u>	<u>\$ 1,454</u>
Funds available is computed as follows:				
Current assets			\$ 1,353,672	
			<u>\$ 1,353,672</u>	

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
ACWWA - WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Operations charges	\$ 200,000	\$ 200,000	\$ 324,345	\$ 124,345
Interest	20,000	20,000	24,071	4,071
Miscellaneous	10,000	10,000	133,337	123,337
Total revenues	<u>230,000</u>	<u>230,000</u>	<u>481,753</u>	<u>251,753</u>
EXPENDITURES				
<u>General</u>				
Advertising	90,000	90,000	14,187	75,813
Audit	4,000	4,000	3,350	650
Cost sharing - ACWWA	500,000	500,000	-	500,000
District management and accounting	65,000	65,000	113,295	(48,295)
Dues and subscriptions	5,000	5,000	8,395	(3,395)
Engineering and consulting	200,000	200,000	66,178	133,822
Engineering and consulting - water court	25,000	25,000	2,192	22,808
Engineering - water engineer	50,000	50,000	36,300	13,700
<u>IGA</u>				
IGA - DCWA	9,330	9,330	5,000	4,330
IGA - RWA	10,000	10,000	5,000	5,000
IGA - WCWA	26,500	26,500	15,000	11,500
IGA - PRWDA	-	5,000,000	5,000,000	-
Insurance and bonds	35,000	35,000	29,645	5,355
Legal	75,000	75,000	807,196	(732,196)
Miscellaneous	40,000	40,000	59,160	(19,160)
Repairs and maintenance	30,000	30,000	75,335	(45,335)
Support services	250,000	250,000	263,068	(13,068)
Utilities	600	600	29,499	(28,899)
SCADA monitoring	10,000	10,000	19,711	(9,711)
Water assessments	50,000	50,000	24,604	25,396
<u>Capital Outlay</u>				
Legal - water court	500,000	100,000	11,151	88,849
Licenses and fees - augmentation stations	10,000	10,000	-	10,000
Surveying and mapping	20,000	20,000	-	20,000
Water easements	150,000	50,000	-	50,000
Water permits	2,000	2,000	-	2,000
<u>Water projects</u>				
Water improvements/acquisition	1,000,000	3,100,000	-	3,100,000
Water rights	-	-	576,677	(576,677)
Brannan Pit/Pump station	2,000,000	2,000,000	-	2,000,000
Brighton Lateral	150,000	1,500	-	1,500
DeSanti Recharge	1,500,000	1,500,000	653,502	846,498
FIDCO Lateral	250,000	-	-	-
Highlands Reservoir	175,000	175,000	-	175,000
I-76 Recharge	375,000	-	-	-
Teague Recharge Pond/Fort Morgan Water	125,000	-	-	-
Total expenditures	<u>7,732,430</u>	<u>13,433,930</u>	<u>7,818,445</u>	<u>5,615,485</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(7,502,430)</u>	<u>(13,203,930)</u>	<u>(7,336,692)</u>	<u>5,867,238</u>
OTHER FINANCING SOURCES (USES)				
Transfer from (to) other funds	(333,200)	1,901,785	1,150,728	(751,057)
Total other financing sources (uses)	<u>(333,200)</u>	<u>1,901,785</u>	<u>1,150,728</u>	<u>(751,057)</u>
NET CHANGE IN FUND BALANCE	(7,835,630)	(11,302,145)	(6,185,964)	5,116,181
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>11,496,248</u>	<u>11,496,248</u>	<u>8,729,553</u>	<u>(2,766,695)</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 3,660,618</u>	<u>\$ 194,103</u>	<u>\$ 2,543,589</u>	<u>\$ 2,349,486</u>
Funds available is computed as follows:				
Current assets			\$ 2,910,994	
Current liabilities			(367,405)	
			<u>\$ 2,543,589</u>	

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
SILVER PEAKS PROJECT - WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Water resource certificate sales	\$ 672,000	\$ 672,000	\$ 616,073	\$ (55,927)
Interest	500	500	2,122	1,622
Total revenues	<u>672,500</u>	<u>672,500</u>	<u>618,195</u>	<u>(54,305)</u>
EXPENDITURES				
<u>General</u>				
District management and accounting	2,500	2,500	4,249	(1,749)
Legal	2,500	2,500	3,342	(842)
Miscellaneous	500	500	-	500
Engineering	1,000	1,000	-	1,000
<u>Debt Service</u>				
Note principal	554,838	1,706,500	1,706,478	22
Note interest	85,324	65,500	65,491	9
Paying agent fees	3,000	3,000	-	3,000
Total expenditures	<u>649,662</u>	<u>1,781,500</u>	<u>1,779,560</u>	<u>1,940</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	<u>22,838</u>	<u>(1,109,000)</u>	<u>(1,161,365)</u>	<u>(52,365)</u>
OTHER FINANCING SOURCES				
Transfer from other funds	-	78,015	130,380	52,365
Total other financing sources	<u>-</u>	<u>78,015</u>	<u>130,380</u>	<u>52,365</u>
NET CHANGE IN FUND BALANCE	22,838	(1,030,985)	(1,030,985)	-
FUNDS AVAILABLE - BEGINNING OF YEAR	<u>(10,812)</u>	<u>1,030,985</u>	<u>1,030,985</u>	<u>-</u>
FUNDS AVAILABLE - END OF YEAR	<u>\$ 12,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds available is computed as follows:				
Current assets			\$ -	
Current liabilities			-	
			<u>\$ -</u>	

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
MILLIKEN RESERVOIR PROJECT - WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
<u>General</u>				
District management and accounting	5,000	8,500	8,472	28
Engineering and consulting	5,000	5,000	719	4,281
Legal	15,000	7,000	6,688	312
Support services	1,500	1,500	1,502	(2)
Repairs and maintenance	-	40,000	38,132	1,868
<u>Capital Outlay</u>				
Water storage	-	90,000	89,717	283
Total expenditures	<u>26,500</u>	<u>152,000</u>	<u>145,230</u>	<u>6,770</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(26,500)</u>	<u>(152,000)</u>	<u>(145,230)</u>	<u>6,770</u>
OTHER FINANCING SOURCES				
Transfer from other funds	<u>26,500</u>	<u>152,000</u>	<u>145,230</u>	<u>(6,770)</u>
Total other financing sources	<u>26,500</u>	<u>152,000</u>	<u>145,230</u>	<u>(6,770)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUNDS AVAILABLE - BEGINNING OF YEAR	-	-	-	-
FUNDS AVAILABLE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds available is computed as follows:				
Current assets			\$ -	
Current liabilities			-	
			<u>\$ -</u>	

UNITED WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUNDS AVAILABLE
COMPARED TO BUDGET - BUDGETARY BASIS
SERFER PIT PROJECT - WATER ACTIVITY ENTERPRISE
Year Ended December 31, 2017

	<u>Budget Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original and Final</u>		<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
<u>General</u>			
District management and accounting	5,000	7,520	(2,520)
Legal	5,000	6,461	(1,461)
Repairs and maintenance	5,000	5,027	(27)
Support services	-	4,555	(4,555)
<u>Capital Outlay</u>			
Serfer Pit project	50,000	-	50,000
Total expenditures	65,000	23,563	41,437
EXCESS OF EXPENDITURES OVER REVENUES	(65,000)	(23,563)	41,437
OTHER FINANCING SOURCES			
Transfer from other funds	65,000	23,563	(41,437)
Total other financing sources	65,000	23,563	(41,437)
NET CHANGE IN FUND BALANCE	-	-	-
FUNDS AVAILABLE - BEGINNING OF YEAR	10,000	-	(10,000)
FUNDS AVAILABLE - END OF YEAR	\$ 10,000	\$ -	\$ (10,000)
Funds available is computed as follows:			
Current assets		\$ -	
Current liabilities		-	
		\$ -	

UNITED WATER & SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS - ACTUAL TO STATEMENT OF NET POSITION
Year Ended December 31, 2017

	General Operations	Capital Projects	Debt Service and Improvements	United Water Acquisition Project	Ravenna Project	South Adams Project	Lupton Lakes Water Storage Project	ACWWA	Silver Peaks Project	Milliken Reservoir Project	Serfer Pit Project	Totals
Revenue and other financing sources (budgetary basis)	\$ 173,278	\$ 12,848	\$ 13,868,151	\$ 6,385,498	\$ 23,925,206	\$ 4,710,044	\$ 3,251,036	\$ 1,632,481	\$ 748,575	\$ 145,230	\$ 23,563	\$ 54,875,910
Adjustments:												
Note proceeds	-	-	(13,174,000)	-	-	-	-	-	-	-	-	(13,174,000)
Proceeds from disposition of assets	-	-	-	(632,937)	(9,160,430)	-	-	-	-	-	-	(9,793,367)
ECCV Payment - Phase 1	-	-	-	(1,130,345)	-	-	-	-	-	-	-	(1,130,345)
Developer advance	-	-	-	(675,000)	-	-	-	-	-	-	-	(675,000)
Transfers	(168,679)	(10,290)	-	-	(1,258,437)	-	(3,233,719)	(1,150,728)	(130,380)	(145,230)	(23,563)	(6,121,026)
Revenues (GAAP)	4,599	2,558	694,151	3,947,216	13,506,339	4,710,044	17,317	481,753	618,195	-	-	23,982,172
Expenditures and other financing uses (budgetary basis)	173,278	12,948	3,632,343	6,370,656	23,940,337	4,740,383	3,772,582	7,818,445	1,779,560	145,230	23,563	\$ 52,409,325
Adjustments:												
Purchase of capital assets including water rights and storage	-	-	(1,848,219)	(628,084)	-	-	-	(1,241,330)	-	(89,717)	-	(3,807,350)
Bond principal payments	-	-	-	(1,295,000)	(18,081,031)	-	(2,975,000)	-	-	-	-	(22,351,031)
Note principal payments	-	-	(158,500)	-	-	-	-	-	(1,706,478)	-	-	(1,864,978)
Increase (decrease) in bond and note interest payable	-	-	43,602	(6,475)	(2,970,552)	-	(59,500)	-	(7,111)	-	-	(3,000,036)
Cost of water sold	-	-	340,212	-	-	1,652,677	-	-	340,213	-	-	2,333,102
Current year developer advances interest accrued	-	-	-	941,278	92,524	-	-	-	14,189	-	-	1,047,991
Repayment of prior year developer advances interest	-	-	-	(153)	-	-	-	-	-	-	-	(153)
Accreted bond interest	-	-	-	-	5,000	-	-	-	-	-	-	5,000
Loss on disposition of assets	-	-	-	6,496	6,290,329	-	-	-	-	-	-	6,296,825
Depreciation	-	-	-	537,030	240,698	-	-	376,023	186,937	8,568	-	1,349,256
Transfers	-	-	(1,113,234)	(1,774,073)	-	(3,233,719)	-	-	-	-	-	(6,121,026)
Expenses (GAAP)	173,278	12,948	896,204	4,151,675	9,517,305	3,159,341	738,082	6,953,138	607,310	64,081	23,563	26,296,925
Change in net position per statement of revenues, expenses and changes in net position	\$ (168,679)	\$ (10,390)	\$ (202,053)	\$ (204,459)	\$ 3,989,034	\$ 1,550,703	\$ (720,765)	\$ (6,471,385)	\$ 10,885	\$ (64,081)	\$ (23,563)	\$ (2,314,753)

**UNITED WATER & SANITATION DISTRICT
BALANCE SHEET SCHEDULE
GOVERNMENTAL FUNDS
December 31, 2017**

	General Operations	Capital Projects	Debt Service and Improvements Fund	United Water Acquisition Project	Ravenna Project	South Adams Project	Lupton Lakes Water Storage Project	ACWWA	Silver Peaks Project	Milliken Reservoir Project	Serfer Pit Project	Total Governmental Funds
ASSETS												
Cash and cash equivalents - restricted	\$ -	\$ -	\$ 10,235,808	\$ 626,780	\$ 1,560	\$ 2,258,208	\$ 1,143,577	\$ 2,543,589	\$ -	\$ -	\$ -	\$ 16,809,522
Cash and cash equivalents - unrestricted	104,584	-	-	2,474,259	1,502	-	210,095	289,265	-	-	-	3,079,705
Prepaid expenditures	45,616	-	-	3,032	-	-	-	1,100	-	-	-	49,748
Accounts receivable	-	-	-	78,428	122,709	-	-	77,040	-	-	-	278,177
Interest receivable	-	-	-	122,840	-	-	-	-	-	-	-	122,840
Due from other funds	-	-	-	754,873	-	-	-	-	-	-	-	754,873
Total assets	\$ 150,200	\$ -	\$ 10,235,808	\$ 4,060,212	\$ 125,771	\$ 2,258,208	\$ 1,353,672	\$ 2,910,994	\$ -	\$ -	\$ -	\$ 21,094,865
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accounts payable	\$ 150,200	\$ -	\$ -	\$ 250,107	\$ 3,062	\$ -	\$ -	\$ 367,405	\$ -	\$ -	\$ -	\$ 770,774
Due to other funds	-	-	-	-	122,709	632,164	-	-	-	-	-	754,873
Total liabilities	150,200	-	-	250,107	125,771	632,164	-	367,405	-	-	-	1,525,647
FUND BALANCES												
Nonspendable												
Prepaid expenditures	45,616	-	-	3,032	-	-	-	1,100	-	-	-	49,748
Restricted												
Debt service	-	-	1,366,592	626,780	-	1,626,044	1,353,672	537,603	-	-	-	5,510,691
Capital improvements	-	-	8,869,216	-	-	-	-	-	-	-	-	8,869,216
Assigned												
Capital improvements	-	-	-	3,180,293	-	-	-	2,004,886	-	-	-	5,185,179
Unassigned	(45,616)	-	-	-	-	-	-	-	-	-	-	(45,616)
Total fund balances	-	-	10,235,808	3,810,105	-	1,626,044	1,353,672	2,543,589	-	-	-	19,569,218
TOTAL LIABILITIES AND FUND BALANCES	\$ 150,200	\$ -	\$ 10,235,808	\$ 4,060,212	\$ 125,771	\$ 2,258,208	\$ 1,353,672	\$ 2,910,994	\$ -	\$ -	\$ -	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	106,722,767
Long-term receivables used in governmental activities are not financial resources and, therefore, are not reported in the funds	10,006,579
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds	
Long-term obligations	(63,265,077)
Accrued interest on long-term obligations	(291,212)
Net position of business-type activities	\$ 72,742,275