Carter Lake Filter Plant

Financial Statements
and Supplementary Information
For the Years Ended December 31, 2017 and 2016

Anton Collins Mitchell LLP
Accountants & Consultants

Carter Lake Filter Plant

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Independent Auditor's Report

Board of Directors
Carter Lake Filter Plant
Berthoud, Colorado

We have audited the accompanying financial statements of the Carter Lake Filter Plant (the "Plant") as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Plant's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2016 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plant's basic financial statements. The Schedule of Revenues and Expenses - Budget and Actual (Budgetary Basis) on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Anton Collins Mitchell LLP

Greeley, Colorado
April 11, 2018

Carter Lake Filter Plant (the "Plant") is jointly owned by the Little Thompson Water District and Central Weld County Water District (collectively, the "Districts"). Management's Discussion and Analysis ("MD&A") is designed to provide an analysis of the Plant's financial condition and operating results and to also inform the reader on Plant financial issues and activities.

The MD&A should be read in conjunction with the Plant's basic financial statement (beginning on page 7).

2017 Highlights - Business-Type Activities

- As of December 31, 2017, net position was $7,223,086, a decrease of $181,601, or 2.5%, when compared to December 31, 2016.
- Water treatment revenues decreased to $2,245,868 during 2017, which was $35,997, or 1.6%, less than 2016, due to a decrease in demand for water from the Districts.
- Total operating expenses were $2,502,282 or an increase of $40,199, or 1.6%, more in 2017 when compared to 2016.
- Net capital assets were $6,597,135 in 2017 compared to $6,841,236 in 2016 for a decrease of $244,101 or 3.6%.
- The Plant has no long-term debt.

Using this Annual Report

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the Plant's basic financial statements include:

Statements of Net Position - reports the Plant's current financial resources (short-term spendable resources) with capital assets and long-term obligations (if any). (See page 7).

Statements of Revenues, Expenses and Changes in Net Position - reports the Plant's operating and, where applicable, non-operating revenues, by major source along with the related expenses and capital contributions. (See page 8).

Statements of Cash Flows - reports the Plant's cash flows from operating, investing, capital and non-capital activities. (See page 9).

The net position of the Plant decreased to $7,223,086 during 2017, or a 2.5% decrease from 2016.

December 31,	2017	2016 (Restated)	2015
Current assets	$ 661,490	$ 664,475	$ 605,870
Capital assets - net	6,597,135	6,841,236	7,059,686
Total assets	7,258,625	7,505,711	7,665,556
Current liabilities	35,539	101,024	88,181
Total liabilities	35,539	101,024	88,181
Net position			
Net investment in capital assets	6,597,135	6,841,236	7,059,686
Unrestricted	625,951	563,451	517,689
Total net position	$ 7,223,086	$ 7,404,687	$ 7,577,375

Revenues were above budget by $72,249 or 3.2% due to insurance proceeds that were not anticipated at the time the budget was prepared for 2017.

Year Ending December 31,	2017	2016 (Restated)	2015
Operating revenues:			
Water treatment charges	$ 2,245,868	$ 2,281,865	$ 1,832,337
Non-operating revenues:			
Other income	14,834	7,000	2,945
Total revenues	$ 2,260,702	$ 2,288,865	$ 1,835,282

Operating expenses, excluding depreciation expense, increased $38,381 or 1.7%, from 2016 to 2017, due primarily to the addition of an employee.

Year Ending December 31,	2017	2016 (Restated)	2015
Operating expenses:			
Plant operations	$ 2,248,613	$ 2,210,232	$ 1,786,132
Depreciation	253,669	251,851	253,791
Total expenses	$ 2,502,282	$ 2,462,083	$ 2,039,923

The following is a summary of capital assets of the Plant:

December 31,	2017	2016	2015
Land	$ 5,000	$ 5,000	$ 5,000
Filter plant	10,879,614	10,879,614	10,879,614
Storage tanks	899,151	899,151	899,151
Vehicles and equipment	150,390	143,022	109,621
Other	245,814	245,814	245,814
Total capital assets	12,179,969	12,172,601	12,139,200
Less: accumulated depreciation	5,582,834	5,331,365	5,079,514
Total capital assets - net	**$ 6,597,135**	$ 6,841,236	$ 7,059,686

Capital Contributions

The Plant had no capital contributions for the years ended 2017 and 2016.

Debt and Other Financial Obligations

The Plant has no outstanding debt as of December 31, 2017.

Capital Improvement Program

The Plant's long-range plan revolves around the Plant's Master Plan approved and developed in 2011, which is based upon demand and regulation of water quality.

The following table sets forth a summary of the Plant's capital projects completed between 1974 and 2017.

Capital Projects Summary (Funded Projects) 1974-2017

	Year	Cost
Storage tanks	1980	$ 893,703
Filter plant controls	1990	429,812
Various small improvements	1974-1992	352,583
South filter plant	1995	5,309,297
Control system upgrades	1999	112,758
South filter plant expansion	2001	4,767,427
1999 GMC pickup	2007	12,798
Analytical instruments	2009	14,154
Trailer	2012	8,399
Construction in progress - South Plant control system	2013	206,354
2005 Kawasaki Mule	2013	5,525
Irrigation equipment	2013	6,050
Cartridge dust collector	2013	15,340
Membrane rack rebuild	2016	33,401
Upgrade of security system	2017	9,569
Grand total		$ 12,177,170

Financial Contact

The Plant's financial statements are designed to present users (customers, citizens, creditors) with a general overview of the Plant's finances and to demonstrate the Plant's accountability. If you have any questions about the report or need additional financial information please contact the Carter Lake Filter Plant staff, at 7100 West County Road 8E, Berthoud, Colorado 80513.

Basic Financial Statements

Carter Lake Filter Plant

Statements of Net Position

December 31,	**2017**	2016 (Restated)
Assets		
Current assets		
Cash and cash equivalents	**$ 194,355**	$ 328,367
Investments	**64,286**	63,571
Accounts receivable from participants	**140,310**	124,727
Prepaid items	**105,479**	-
Inventory of chemicals	**157,060**	147,810
Total current assets	**661,490**	664,475
Capital assets - net	**6,597,135**	6,841,236
Total assets	**7,258,625**	7,505,711
Liabilities		
Current liabilities		
Accounts payable	**14,833**	83,563
Accrued expenses	**20,706**	17,461
Total current liabilities	**35,539**	101,024
Net position		
Net investment in capital assets	**6,597,135**	6,841,236
Unrestricted	**625,951**	563,451
Total net position	**$ 7,223,086**	$ 7,404,687

See accompanying Independent Auditor's Report and notes to financial statements.

Carter Lake Filter Plant

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31,	**2017**	2016 (Restated)
Operating revenues		
Water treatment charges	**$ 2,245,868**	$ 2,281,865
Other operating revenue	**14,834**	7,000
Total operating revenues	**2,260,702**	2,288,865
Operating expenses		
Plant operations	**2,248,613**	2,210,232
Depreciation	**253,669**	251,851
Total operating expenses	**2,502,282**	2,462,083
Operating loss	**(241,580)**	(173,218)
Non-operating income		
Insurance proceeds	**58,093**	-
Gain on disposal of capital assets	**1,000**	-
Earnings on investments	**886**	530
Total non-operating income	**59,979**	530
Changes in net position	**(181,601)**	(172,688)
Net position at beginning of year	**7,404,687**	7,577,375
Net position at end of year	**$ 7,223,086**	$ 7,404,687

See accompanying Independent Auditor's Report and notes to financial statements.

Carter Lake Filter Plant

Statements of Cash Flows

Years Ended December 31,	**2017**	2016 (Restated)
Cash flows from operating activities		
Cash received from customers	**$ 2,230,285**	$ 2,298,858
Cash paid to employees	**(850,875)**	(770,458)
Cash paid to suppliers	**(1,577,952)**	(1,424,530)
Other operating income	**14,834**	7,000
Net cash flows from operating activities	**(183,708)**	110,870
Cash flows from investing activities		
Insurance proceeds	**58,093**	-
Earnings from investments	**886**	530
Net cash flows from investing activities	**58,979**	530
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	**1,000**	-
Acquisition and construction of capital assets	**(9,568)**	(33,401)
Net cash flows from capital and related financing activities	**(8,568)**	(33,401)
Net change in cash and cash equivalents	**(133,297)**	77,999
Cash, cash equivalents and investments at beginning of year	**391,938**	313,939
Cash, cash equivalents and investments at end of year	**$ 258,641**	$ 391,938
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	**$ (241,580)**	$ (173,218)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	**253,669**	251,851
Changes in operating assets and liabilities:		
Accounts receivable from participants	**(15,583)**	16,993
Prepaid items	**(105,479)**	-
Inventory of chemicals	**(9,250)**	2,401
Accounts payable	**(68,730)**	8,436
Accrued expenses	**3,245**	4,407
Net cash flows from operating activities	**$ (183,708)**	$ 110,870

See accompanying Independent Auditor's Report and notes to financial statements.

1. Summary of Significant Accounting Policies

Organization

Carter Lake Filter Plant (the "Plant") is jointly owned by the Little Thompson Water District and Central Weld County Water District (collectively, the "Districts"). In conformity with accounting principles generally accepted in the United States ("GAAP") issued by the Governmental Accounting Standards Board ("GASB"), the Plant is the reporting entity for financial reporting purposes. The Plant is the lowest level of government having financial accountability and control to provide water filtration service within the political subdivision identified as the Carter Lake Filter Plant. The financial statements of the Plant include all funds that are controlled by, or dependent upon, the participant owners. The accounts of the Plant are organized on the basis of a proprietary fund. The operations of the Plant are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The more significant of the Plant's accounting policies are described below.

Reporting Entity

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

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

2) Fiscal dependency on the primary government

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

Basic Financial Statements

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

Basis of Accounting

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

Budgets and Budgetary Accounting

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

1. On or about October 15, the Plant staff submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at regular meetings of the Board to obtain taxpayer comments.

3. Prior to December 15, the budget is legally adopted by the Board.

4. Unused appropriations lapse at the end of each year.

5. Budgeted amounts are reported in the accompanying financial statements as originally adopted and as amended by the Board throughout the year.

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

	Original Budget	Total Revisions	Revised Budget
Enterprise Fund	$ 2,231,768	$ 134,030	$ 2,365,798

Cash Equivalents

The Plant considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments, consisting of funds invested in a local government investment pool (Note 3), are measured at net asset value, which approximates fair value.

Accounts Receivable from Participants and Allowance for Doubtful Accounts

The Plant’s receivables are due from owners of the Plant. No allowance is made for bad debts in the accompanying financial statements as substantially all revenues of the Plant originate from charges to the owners of the Plant, and thus, bad debts are deemed unlikely.

Inventory

Inventories, primarily consisting of chemicals, are shown in the financial statements at cost, using the first-in first-out method of accounting.

Capital Assets

Capital assets purchased with Plant reserves or contributed with an original cost or fair value of $5,000 or more are capitalized using historical cost or fair value. Costs for capital items that are reimbursed by the Districts are recorded in the financial statements of the Districts and depreciated using lives and methods deemed appropriate by the Districts. Expenditures for maintenance and repairs are charged to operations as incurred. Property replacements and improvements, which extend the lives of assets, are capitalized and subsequently depreciated.

The provision for depreciation is computed using the straight-line method over the estimated useful lives of the assets. The lives used for individual components of capital assets are as follows:

	Estimated useful life
Filter plant	20 - 50 years
Storage tanks	20 - 50 years
Vehicles and equipment	5 - 10 years
Other	10 - 50 years

Compensated Absences

Obligations associated with the Plant's vacation policy are recorded as a liability and expense when earned to the extent that such benefits vest to the employee. The amounts of the accrued and unpaid balance due under this policy are considered a current liability. The Plant's liability for accrued compensated absences was $5,031 and $3,188 at December 31, 2017 and 2016, respectively, which are included in accrued expenses in the accompanying Statements of Net Position.

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation of these assets reduces this category.

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

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

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

Revenue Recognition

Revenues are recognized when earned. The Plant's meters are read and billed monthly. At December 31, 2017 and 2016, there were no unbilled accounts receivables.

Use of Estimates

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

2. Prior Period Adjustment

During the fiscal year 2017, the Plant determined accounts payable were understated in the prior year. The result of the correction was to decrease beginning net position and increase expenses by $59,127, as shown as follows:

	As Previously Reported	Adjustment	Restated
Statement of Net Position as of December 31, 2016			
Accounts payable	$ 24,436	$ 59,127	$ 83,563
Net position	7,463,814	(59,127)	7,404,687
Statements of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2016			
Plant operations	2,151,105	59,127	2,210,232
Change in net position	$ (113,561)	$ (59,127)	$ (172,688)

3. Cash and Investments

Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes ("CRS") require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2017 and 2016, the Plant had deposits with a financial institution with a carrying amount of $194,268 and $328,235, respectively. The bank balances with the financial institution was $327,319 and $371,270, respectively. Of these amounts, $250,000 was covered by federal depository insurance. The remaining balances of $77,319 and $121,270, respectively, were collateralized with securities held by the financial institutions' agents but not in the Plant's name.

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Obligations of the United States and certain U.S. Government agency securities

- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The Plant's policy is to hold investments until maturity.

Interest Rate Risk

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Plant's deposits may not be returned to it. The Plant does not have a deposit policy for custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial instruction through the PDPA. As of December 31, 2017 and 2016, none of the Plant's bank balances were exposed to custodial credit risk.

Local Government Investment Pool

At December 31, 2017 and 2016, the Authority had invested $64,286 and $63,571, respectively, in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAm by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Cash and cash equivalents held by the Plant were as follows:

December 31,	**2017**	2016
Cash on hand	**$ 87**	$ 132
Cash on deposit with financial institution	**194,268**	328,235
Total cash and cash equivalents	**$ 194,355**	$ 328,367

4. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2017:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	**$ 5,000**	**$ -**	**$ -**	**$ 5,000**
Total capital assets, not being	**5,000**	**-**	**-**	**5,000**
Capital assets, being depreciated:				
Filter plant	**10,879,614**	**-**	**-**	**10,879,614**
Storage tanks	**899,151**	**-**	**-**	**899,151**
Vehicles and equipment	**143,022**	**9,568**	**(2,200)**	**150,390**
Other	**245,814**	**-**	**-**	**245,814**
Total capital assets being depreciated	**12,167,601**	**9,568**	**(2,200)**	**12,174,969**
Less: accumulated depreciation	**(5,331,365)**	**(253,669)**	**2,200**	**(5,582,834)**
Total capital assets, being depreciated, net	**6,836,236**	**(244,101)**	**-**	**6,592,135**
Total capital assets, net	**$ 6,841,236**	**$ (244,101)**	**$ -**	**$ 6,597,135**

The following is a summary of capital assets activity for the year ended December 31, 2016:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 5,000	$ -	$ -	$ 5,000
Total capital assets, not being depreciated	5,000	-	-	5,000
Capital assets, being depreciated:				
Filter plant	10,879,614	-	-	10,879,614
Storage tanks	899,151	-	-	899,151
Vehicles and equipment	109,621	33,401	-	143,022
Other	245,814	-	-	245,814
Total capital assets being depreciated	12,134,200	33,401	-	12,167,601
Less: accumulated depreciation	(5,079,514)	(251,851)	-	(5,331,365)
Total capital assets, being depreciated, net	7,054,686	(218,450)	-	6,836,236
Total capital assets, net	$ 7,059,686	$ (218,450)	$ -	$ 6,841,236

5. Risk Management

The Plant is a member of the Colorado Special Districts Property and Liability Pool ("CSDPLP"). The Plant has joined together with other special purpose districts in the State of Colorado. This is a public entity risk pool currently operating as a common risk management and insurance program for member filter plants. The Plant pays annual contributions for its property and casualty insurance coverage. The intergovernmental agreement provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of specified self-insurance retention.

At December 31, 2016 (the most current audited financial statements) CSDPLP has total admitted assets of $52,645,796, liabilities of $28,757,242, and unassigned surplus of $23,888,554. The liability amount includes no long-term debt. Total revenue for 2016 amounted to $19,338,769 and total expenses were $14,100,230 resulting in net income of $5,238,539. The amount of the Plant's share of these amounts is less than 1%.

6. Contingencies

Self-Insurance

The Plant is self-insured for property and liability insurance. As discussed in Note 5, the Plant is a member of the CSDPLP. The CSDPLP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CSDPLP has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs.

The ultimate liability to the Plant resulting from claims not covered by CSDPLP is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Plant.

7. Related Party Transactions

As described in Note 1, the Plant is owned by the Little Thompson Water District and Central Weld County Water District. Substantially all of the revenue of the Plant is derived from the two owners. Therefore, the Plant's operations are economically dependent on the continued utilization of the Plant's facilities by these two districts.

The following revenues were billed to the participant Districts:

Year Ended December 31,	**2017**	2016
Operating revenues:		
Little Thompson Water District	**$ 903,039**	$ 922,668
Central Weld County Water District	**1,342,829**	1,359,197
Total operating revenue	**$ 2,245,868**	$ 2,281,865

Year Ended December 31,		2017		2016
Accounts receivable from participants				
Little Thompson Water District	**$**	**59,730**	$	50,238
Central Weld County Water District		**80,580**		74,489
Accounts receivable from participants	**$**	**140,310**	$	124,727

8. TABOR Compliance

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

As a water enterprise activity the Plant believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions require judicial interpretation.

9. Deferred Compensation Pension Plan

The Plant offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the "Plan"). The Plan, available to all Plant employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Plan compiles with Section 457 of the Internal Revenue Code, whereby, trust provisions are incorporated so that plan assets are held to trust for the exclusive benefit of participants and their beneficiaries. As a result, as of December 31, 2017, the assets and liabilities of the deferred compensation plan are not included in the accompanying financial statements.

10. Subsequent Events

The Plant evaluated subsequent events through April 11, 2018, the date these financial statements were available to be issued. No transactions or events that would require adjustments to or disclosures in the financial statements were identified.

Supplementary Information

Carter Lake Filter Plant
(With Summarized Prior Year Information)

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

Years Ended December 31,			2017		2016
	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)	Actual Amounts Budget Basis
	Original	Final			(Restated)
Revenues and contributions:					
Water treatment charges	$ 1,981,024	$ 2,247,774	$ 2,245,868	$ (1,906)	$ 2,281,865
Other revenues	215	658	74,813	74,155	7,530
Total revenues and contributions	1,981,239	2,248,432	2,320,681	72,249	2,289,395
Expenditures:					
Salaries and fringe benefits	865,450	846,267	854,120	(7,853)	766,051
Chemicals	672,213	861,696	781,895	79,801	780,614
Utilities	206,145	204,395	184,226	20,169	195,077
Insurance	106,857	104,660	105,158	(498)	101,423
Maintenance, fuel and supplies	199,797	165,793	139,959	25,834	179,335
Professional services	86,725	92,741	94,175	(1,434)	112,848
Water quality analysis	52,096	49,203	49,410	(207)	40,597
Administrative and office	22,714	28,205	26,072	2,133	25,522
Training	9,100	3,000	2,311	689	2,768
Communications	10,671	9,838	9,338	500	4,494
Board expenses	-	-	1,949	(1,949)	1,503
Subtotal	2,231,768	2,365,798	2,248,613	117,185	2,210,232
Capital expenditures	-	-	9,568	(9,568)	33,401
Total budgeted expenditures	2,231,768	2,365,798	2,258,181	107,617	2,243,633
Changes in net position, budgetary basis	$ (250,529)	$ (117,366)	62,500	$ 179,866	45,762
Reconciling items (converting from budgetary to GAPP basis)					
Capital asset expenditures			9,568		33,401
Depreciation			(253,669)		(251,851)
Changes in net position - GAAP basis			$ (181,601)		$ (172,688)

See accompanying Independent Auditor's Report.