

**TRI-LAKES WASTEWATER
TREATMENT FACILITY**

BASIC FINANCIAL STATEMENTS

December 31, 2017

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JOHN CUTLER & ASSOCIATES

Joint Use Coordinating Committee
Tri-Lakes Wastewater Treatment Facility
Monument, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the business activities and each major fund of the Tri-Lakes Wastewater Treatment Facility, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Facility'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business activities and each major fund of the Tri-Lakes Wastewater Treatment Facility as of and for the year ended, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of the Facility's proportionate share and the schedule of the Facility's contributions on pages 26 and 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that 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 Tri-Lakes Wastewater Treatment Facility's basic financial statements. The individual fund financial statement listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statement is fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

May 16, 2018

BASIC FINANCIAL STATEMENTS

TRI-LAKES WASTEWATER TREATMENT FACILITY

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 December 31, 2017

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and Cash Equivalents	\$ 3,589	\$ 14,520
Accounts Receivable	75,297	493,114
Prepaid Expenses	49,631	38,643
Total Current Assets	<u>128,517</u>	<u>546,277</u>
Noncurrent Assets		
Capital Assets, Net of Accumulated Depreciation	7,993,819	8,164,985
Total Noncurrent Assets	<u>7,993,819</u>	<u>8,164,985</u>
TOTAL ASSETS	<u>8,122,336</u>	<u>8,711,262</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	<u>179,876</u>	<u>122,005</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,302,212</u>	<u>\$ 8,833,267</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 15,239	\$ 260,172
Retainage Payable	-	191,310
Compensated Absences	108,624	103,864
Deposits From Owning Districts	59,173	59,173
Total Current Liabilities	<u>183,036</u>	<u>614,519</u>
Noncurrent Liabilities		
Pension Liability	<u>576,125</u>	<u>432,863</u>
TOTAL LIABILITIES	<u>759,161</u>	<u>1,047,382</u>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	<u>13,516</u>	<u>33,225</u>
NET POSITION		
Invested in Capital Assets	7,993,819	8,164,985
Unrestricted	<u>(464,284)</u>	<u>(412,325)</u>
TOTAL NET POSITION	<u>7,529,535</u>	<u>7,752,660</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 8,302,212</u>	<u>\$ 8,833,267</u>

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

TRI-LAKES WASTEWATER TREATMENT FACILITY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE		
Interdistrict charges for operations	\$ 1,103,476	\$ 2,084,308
TOTAL OPERATING REVENUE	<u>1,103,476</u>	<u>2,084,308</u>
OPERATING EXPENSES		
Dues, Subscriptions, Education, and Travel	2,676	7,016
Permits and Licenses	14,357	12,134
Equipment Expenses	1,169	424
Insurance	22,982	23,759
Repairs and Maintenance	25,579	77,356
Miscellaneous Expenses	2,365	2,692
Office Expenses	3,997	2,614
Plant Operator's Expense	419,344	384,143
Professional Fees	39,038	30,309
Engineering Consultant	23,269	116,717
Management and Secretarial	2,665	2,600
Small Tools	306	428
Supplies	53,176	17,770
Special Chemical Monitoring	77,961	67,634
Vehicle Expense	2,444	3,334
Utilities	136,245	134,040
Sludge Removal	173,874	-
Capital Improvements	4,033	-
Depreciation	255,864	181,375
Pension Expense	65,682	-
TOTAL OPERATING EXPENSES	<u>1,327,026</u>	<u>1,064,345</u>
OPERATING INCOME (LOSS)	<u>(223,550)</u>	<u>1,019,963</u>
NON-OPERATING REVENUES		
Interest Income	425	893
TOTAL NON-OPERATING REVENUES	<u>425</u>	<u>893</u>
NET INCOME	(223,125)	1,020,856
NET POSITION, Beginning	<u>7,752,660</u>	<u>6,731,804</u>
NET POSITION, Ending	<u>\$ 7,529,535</u>	<u>\$ 7,752,660</u>

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

TRI-LAKES WASTEWATER TREATMENT FACILITY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Owning Districts	\$ 1,521,293	\$ 1,690,835
Cash Paid for Goods and Services	<u>(1,447,951)</u>	<u>(577,450)</u>
Net Cash Provided by Operating Activities	<u>73,342</u>	<u>1,113,385</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	<u>(84,698)</u>	<u>(1,110,254)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>425</u>	<u>893</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,931)	4,024
CASH AND CASH EQUIVALENTS, Beginning	<u>14,520</u>	<u>10,496</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 3,589</u></u>	<u><u>\$ 14,520</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ (223,550)</u>	<u>\$ 1,019,963</u>
Net Cash Provided by Operating Activities		
Depreciation and Amortization	255,864	181,375
Changes in Assets and Liabilities		
Accounts Receivable	417,817	(393,473)
Prepaid Expenses	(10,988)	(6,299)
Accounts Payable	(244,933)	211,570
Retainage Payable	(191,310)	86,885
Accrued Expenses	-	(158)
Compensated Absences	4,760	13,731
Pension Liabilities	143,262	61,553
Deferred Outflows	(57,871)	(75,321)
Deferred Inflows	<u>(19,709)</u>	<u>13,559</u>
Total Adjustments	<u>296,892</u>	<u>93,422</u>
Net Cash Provided by Operating Activities	<u><u>\$ 73,342</u></u>	<u><u>\$ 1,113,385</u></u>

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tri-Lakes Wastewater Treatment Facility (the “Facility”) is an entity formed by intergovernmental agreement among Palmer Lake Sanitation District, Monument Sanitation District, and Woodmoor Sanitation District No.1. The Facility is operated and accounted for as an enterprise fund and the financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Facility meets the criteria to be treated as a joint venture. The more significant of the Facility’s policies are described below.

Reporting Entity

Joint ventures are created by governments for special purposes and are responsible to the public, investors, creditors, the management that created them, and the users served by the joint venture. A joint venture is a legal entity or other contractual arrangement participated in by a government as a separate and specific activity for the benefit of the public or several recipients in which the government retains an ongoing financial interest and/or responsibility.

The financial reporting entity consists of the Facility and organizations for which the Facility is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Facility. In addition, any legally separate organizations for which the Facility is financially accountable are considered part of the reporting entity. Financial accountability exists if the Facility appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Facility.

Based on the application of these criteria, the Facility does not include additional organizations in its reporting entity. However, the Facility is a joint venture and is reported within each owning district’s financial reporting entity. Each district is financially responsible for the Facility. Financial responsibility is derived from the governmental unit’s power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Financial responsibility implies that a governmental unit is dependent on another and the dependent unit should be reported as part of the other.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Facility uses one fund to report on its financial position and activities. Fund accounting is designed to segregate transactions related to certain government functions and activities. The Facility's fund is classified as an enterprise fund type. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Facility reports all activity in one enterprise fund which is a proprietary fund type. This fund is considered a major fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position

Cash and Cash Equivalents – Cash and cash equivalents include amounts in deposit accounts and short-term investments with an original maturity of three months or less.

Receivables – Receivables consists of amounts owed to the Facility by the owning districts. All amounts are considered to be collectible and no allowance for bad debt has been recorded. As of December 31, 2017, the accounts receivable balance was \$75,297 which was paid by the owning districts in January 2018.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the statement of net position.

Capital Assets – The Facility capitalizes all assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest is capitalized during the construction phase.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of Net Position in the financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method:

Plant and Buildings	50 years
Land Improvements	20 years
Infrastructure and Improvements	5 – 15 years
Vehicles and Equipment	5 - 7 years

Accrued Compensated Absences – Employees of the Facility are allowed to accumulated unused vacation and sick time. The Facility’s employees accrue vacation time ranging from 10 to 20 days per year depending on years of service. Sick leave is accrued at a rate of 8 hours per month. Upon termination, an employee will be compensated for all unused vacation time. Unused sick time will be compensated if an employee has completed ten years of service prior to termination. These compensated absences are recognized as current salary costs when earned in the proprietary fund. A liability has been recorded in the government-wide financial statements for the accrued compensated absences

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

Net Position— The business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

- Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.
- Restricted Net Position are liquid assets, which have third party limitations on their use.
- Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While the Facility's management may have categorized and segmented portion for various purposes, the Facility's Board has the unrestricted right to revisit or alter these managerial decisions.

Deposits Held for Owning Districts

Per the Cash Flow Escrow Agreement dated October 13, 1998 and amended on December 12, 2006, each owning district of the Facility was required to deliver a sum of \$10,000 and \$7000. The Agreement provided working capital and to satisfy projected cash flow requirements. In addition to the deposits, any interest earned is transferred to the deposit account. In the event of the termination of the Agreement by the districts, the funds will be distributed to each of the owning districts. As of December 31, 2017, the deposit balance was \$59,173.

Joint Use Coordinating Committee

Each district appoints one representative and an alternate to serve on the Joint Use Coordinating Committee. The committee has, as its function and responsibility, the review of the use and operation of the Facility.

Risk Management

The Facility is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Facility purchases commercial insurance for these risks of loss. Settled claims have not exceeded insurance coverage in the last three years.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Facility's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is adopted for the enterprise fund as a management control device, but is not legally required. The budgetary information presented in the financial statements was approved by each owning district.

NOTE 3: CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents reported in the December 31, 2017 financial statements consisted of the following:

Petty Cash	\$ 100
Deposits	<u>3,489</u>
Total	<u>\$ 3,589</u>

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 3: CASH AND CASH EQUIVALENTS (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the Facility are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Facility has no policy regarding custodial credit risk for deposits.

At December 31, 2017, the Facility had deposits with financial institutions with a carrying amount of \$3,489. The bank balances with the financial institutions were \$27,939. All of these balances were covered by federal depository insurance.

Interest Rate Risk

The Facility does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2017, the Facility has no investments.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Certain money market funds
- Guaranteed investment contracts

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 3: CASH AND CASH EQUIVALENTS (Continued)

Credit Risk (Continued)

The Facility did not have any investments requiring categorization of credit risk as of December 31, 2017 and had no policy for managing credit risk.

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended December 31, 2017, is summarized below.

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
Capital Assets, Being				
Depreciated				
Treatment Plant	\$ 8,078,397	\$ -	\$ -	\$ 8,078,397
Phosphorous Plant	3,692,854	-	-	3,692,854
Lab Building	477,742	-	-	477,742
Land Improvements	106,785	58,223	-	165,008
Landscaping	12,761	-	-	12,761
Road	6,301	-	-	6,301
Equipment	302,969	-	-	302,969
Vehicles	<u>29,038</u>	<u>26,475</u>	<u>-</u>	<u>55,513</u>
Total Capital Assets, Being Depreciated	<u>12,706,847</u>	<u>84,698</u>	<u>-</u>	<u>12,791,545</u>
Accumulated Depreciation				
Treatment Plant	4,038,596	159,380	-	4,197,976
Phosphorus Plant	-	80,012	-	80,012
Lab Building	103,512	9,555	-	113,067
Land Improvements	50,784	5,518	-	56,302
Landscaping	12,761	-	-	12,761
Road	6,301	-	-	6,301
Equipment	300,870	1,399	-	302,269
Vehicles	<u>29,038</u>	<u>-</u>	<u>-</u>	<u>29,038</u>
Total Accumulated Depreciation	<u>4,451,862</u>	<u>255,864</u>	<u>-</u>	<u>4,797,726</u>
Net Capital Assets	<u>\$ 8,164,985</u>	<u>\$ (171,166)</u>	<u>\$ -</u>	<u>\$ 7,993,819</u>

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

Summary of Significant Accounting Policies (Continued)

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

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

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

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

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

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

	Rates
Employer contribution rate ¹	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total employer contribution rate to the LGDTF¹	12.68%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Facility is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Facility were \$39,790 for the year ended December 31, 2017.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

At December 31, 2017 the Facility reported a liability of \$576,125 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll-forward the total pension liability to December 31, 2016. The Facility proportion of the net pension liability was based on Facility contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Facility proportion was 0.04267 percent, which was an increase of 0.00337 from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017 the Facility recognized pension expense of \$105,472. At December 31, 2017, the Facility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$10,252	N/A
Changes of assumptions or other inputs	\$40,866	\$1,666
Net difference between projected and actual earnings on pension plan investments	\$69,190	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$19,778	\$11,850
Contributions subsequent to the measurement date	\$39,790	N/A
Total	\$179,876	\$13,516

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

\$39,790 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2017	
2018	\$67,831
2019	\$41,166
2020	\$16,915
2021	\$658

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

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA’s Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) 2.00 percent PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) Financed by the Annual Increase Reserve

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA’s Board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest

Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

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

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$849,470	\$576,125	\$349,765

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

Other Post-Employment Benefits

Health Care Trust Fund

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

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

Other Post-Employment Benefits (Continued)

Funding Policy – The Facility is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Facility are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2017, 2016 and 2015, The Facility contributions to the HCTF were \$2,962, \$2,692 and \$2,276, respectively, equal to their required contributions for each year.

NOTE 6: RETIREMENT PLAN

The Facility participates in a Section 457 Deferred Compensation Plan for its employees. The plan is administered by Lincoln National Life. The Facility matches 5% of the gross salary of all participating employees. During the year ended December 31, 2017 the Facility contributed \$13,569 to the plan.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Joint Ownership

In 1977, Woodmoor Water and Sanitation District No.1, Palmer Lake Sanitation District, and Monument Sanitation District (participating districts) entered into an agreement for the joint operation and use of a wastewater treatment facility.

In 1988, by amendment to the original agreement, Woodmoor Sanitation District No.1 began management of the Facility in accordance with the policies and procedures for joint use established by the coordinating committee.

In 1996, the three participating districts entered into an Amended Joint Use of Facilities Agreement which replaced all prior agreements with regard to management of the Facility. Since the amendment, the Facility is operated and managed as a joint venture of the participating districts.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 7: **COMMITMENTS AND CONTINGENCIES** (Continued)

Joint Ownership (Continued)

As of December 2006, Woodmoor Water and Sanitation District No.1 no longer manages the Facility. The Facility Manager manages under the direction of the Joint Use Committee Board of Directors.

The real and personal property and fixtures of the Facility are commonly owned by the districts in equal, undivided one-third interests, with each district possessing the right to use the real estate. Major repair or replacement expenses in excess of \$5,000 are assessed equally to each district.

Operating expenses and major repair and replacement expenses less than \$5,000 are billed to the respective districts on a monthly basis in accordance with each district's pro rata contribution to the monthly flows and BOD loadings discharged into the Facility. Each calendar month, 40% of operating expenses are billed by influent flows and 60% of operating expenses are billed by BOD loadings. The capacity is subject to change with future facility expansion.

In February 2015, Woodmoor Water and Sanitation District No. 1 and Palmer Lake Sanitation District entered into an Offer of Settlement Agreement. The purpose of the agreement is to ensure that the state mandated improvements to the Trilakes Wastewater Facility are not delayed and that the Facility's grant funds for the improvements are not jeopardized despite the ongoing dispute among the participating districts regarding the cost sharing of the capital improvements. The agreement establishes preliminary cost allocation, whereas Woodmoor Water and Sanitation District No. 1 agrees to cover 66.66% of the project costs until a settlement among the districts can be reached. This agreement was amended in July 2015. In the amended agreement, Woodmoor Water and Sanitation District No. 1 had agreed to provide gap funds to the Palmer Lake Sanitation District in the event that the grant funds are not received.

A final court ruling was issued on May 23, 2016 granting the Woodmoor Water and Sanitation District No 1's motion for summary judgment for costs of the Phase I improvements to be allocated 1/3 to Palmer Lake Sanitation District, 1/3 to Monument Sanitation District, and 1/3 to Woodmoor Water and Sanitation District No 1. Subsequent to the ruling, the defendants (Monument Sanitation District and Palmer Lake Sanitation District) filed an appeal with the appellate courts on June 22nd, 2016. The District Court ruled against the defendants and in favor of the Woodmoor Water and Sanitation District No. 1 on September 15, 2017.

TRI-LAKES WASTEWATER
TREATMENT FACILITY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 7: *COMMITMENTS AND CONTINGENCIES* (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The Tabor Amendment is subject to many interpretations, but the Facility believes it is exempt from the provisions of the amendment.

REQUIRED SUPPLEMENTARY INFORMATION

TRI-LAKES WASTEWATER TREATMENT FACILITY
 SCHEDULE OF THE FACILITY'S PROPORTIONATE SHARE
 LOCAL GOVERNMENT DIVISION TRUST FUND

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Facility's proportionate share of the Net Pension Liability	0.0438%	0.0414%	0.0393%	0.0427%
Facility's proportionate share of the Net Pension Liability	\$ 360,514	\$ 371,310	\$ 432,863	\$ 576,125
Facility's covered-employee payroll	\$ 233,726	\$ 226,998	\$ 226,998	\$ 263,959
Facility's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	154.2%	163.6%	190.7%	218.3%
Plan fiduciary net position as a percentage of the total pension liability	77.6%	80.7%	76.9%	73.6%

See the accompanying independent auditors' report

TRI-LAKES WASTEWATER TREATMENT FACILITY

SCHEDULE OF THE FACILITY'S CONTRIBUTIONS
LOCAL GOVERNMENT DIVISION TRUST FUND

Years Ended December 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contributions	\$ 28,783	\$ 28,299	\$ 32,736	\$ 39,790
Contributions in relation to the Statutorily required contributions	<u>28,783</u>	<u>28,299</u>	<u>32,736</u>	<u>39,790</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Facility's covered-employee payroll	\$ 226,998	\$ 223,166	\$ 263,959	\$ 290,438
Contributions as a percentage of covered-employee payroll	12.68%	12.68%	12.40%	13.70%

See the accompanying independent auditors' report

INDIVIDUAL FUND FINANCIAL STATEMENT

TRI-LAKES WASTEWATER TREATMENT FACILITY

BUDGETARY COMPARISON SCHEDULE

PROPRIETARY FUND TYPE

Year Ended December 31, 2017

	2017		VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Interdistrict Income	\$ 1,205,016	\$ 1,103,476	\$ (101,540)	\$ 2,084,308
Other	-	425	425	893
TOTAL REVENUES	1,205,016	1,103,901	(101,115)	2,085,201
EXPENDITURES				
Dues, Subscriptions, Education, and Travel	7,000	2,676	4,324	7,016
Permits and Licenses	13,000	14,357	(1,357)	12,134
Equipment Expenses	27,000	27,644	(644)	424
Insurance	24,000	22,982	1,018	23,759
Repairs and Maintenance	53,635	25,579	28,056	77,356
Miscellaneous Expenses	2,500	2,365	135	2,692
Office Expenses	4,800	3,997	803	2,614
Plant Operator's Expense	426,089	419,344	6,745	384,143
Professional Fees	22,000	39,038	(17,038)	30,309
Engineering Consultant	10,000	23,269	(13,269)	116,717
Management and Secretarial	21,421	2,665	18,756	2,600
Small Tools	500	306	194	428
Supplies	140,010	53,176	86,834	17,770
Special Chemical Monitoring	96,032	77,961	18,071	67,634
Vehicle Expense	5,720	2,444	3,276	3,334
Utilities	159,609	136,245	23,364	134,040
Sludge Removal	172,700	173,874	(1,174)	-
Capital Improvements	14,000	4,033	9,967	1,110,254
Contingency	5,000	-	5,000	-
TOTAL EXPENDITURES	1,205,016	1,031,955	173,061	1,993,224
NET INCOME (LOSS), Budget Basis	\$ -	71,946	\$ 71,946	91,977
GAAP BASIS ADJUSTMENTS				
Depreciation		(255,864)		(181,375)
Capital Improvements		26,475		1,110,254
Pension Expense		(65,682)		-
NET GAIN (LOSS) GAAP Basis		(223,125)		1,020,856
NET POSITION, Beginning		7,752,660		6,731,804
NET POSITION, Ending		\$ 7,529,535		\$ 7,752,660

See the accompanying independent auditors' report.