

**LOUVIERS WATER AND SANITATION  
DISTRICT**

**Douglas County, Colorado**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

## Table of Contents

|  | <u>Page</u> |
|--|-------------|
| <b>INDEPENDENT AUDITOR’S REPORT</b>  | I           |
| <b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>  | III         |
| <b>BASIC FINANCIAL STATEMENTS</b>  |             |
| Statements of Net Position   | 1           |
| Statements of Revenues, Expenses and Changes in Fund Net Position  | 2           |
| Statements of Cash Flows   | 3           |
| Notes to the Financial Statements  | 4           |
| <b>SUPPLEMENTAL INFORMATION</b>  |             |
| Schedule of Revenues, Expenditures and Changes in Funds<br>Available – Budget and Actual (Budgetary Basis) | 16          |
| Reconciliation of Budgetary Basis to Statement of Revenues, Expenses<br>and Changes in Fund Net Position   | 18          |
| Schedule of Net Position – Water and Sewer Operations  | 19          |
| Schedule of Revenues, Expenses and Changes in Net Position –<br>Water and Sewer Operations                 | 20          |
| Schedule of Cash Flows – Water and Sewer Operations  | 21          |
| Summary of Assessed Valuation, Mill Levy and Property Taxes Collected                                      | 22          |
| Schedule of Debt Service Requirements to Maturity  | 23          |

# Green & Associates LLC

Certified Public Accountants & Business Consultants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Louviers Water and Sanitation District

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of the Louviers Water and Sanitation District, as of and for the year ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Louviers Water and Sanitation District as of December 31, 2018 and 2017, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

119 East Bridge Street, Suite 210  
Brighton, CO 80601

Green & Associates • LLC

PHONE (720) 839-6458  
www.GreenCPAfirm.com

Certified Public Accountants & Business Consultants

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Louviers Water and Sanitation District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

July 9, 2019  
Brighton, Colorado

**LOUVIERS WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

Our discussion and analysis of Louviers Water and Sanitation District's (District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2018 and 2017. Please read it in conjunction with the District's basic financial statements which begin on page 1.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Fund Net Position, and 3) Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting.

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows of resources, with the difference being reported as net position. This statement provides useful information regarding the financial position of the District. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall financial position of the District.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* reports the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported for some items that will only result in cash flows in the subsequent years.

The *Statement of Cash Flows*, as its name implies, is concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from capital financing activities, 3) cash flows from noncapital financing activities, and 4) cash flows from investing activities.

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information*, as listed in the table of contents, which has been included for additional analysis and legal compliance.

## **FINANCIAL SUMMARY AND ANALYSIS**

### **Net Position**

#### **2018**

As noted earlier, net position may serve as a useful indicator of the District's financial position. As noted in the table below, the District's assets exceed liabilities in 2018 by \$1,793,750. Total assets, liabilities and deferred inflows of resources were \$2,568,567, \$727,829 and \$46,988, respectively. Current assets decreased due to District spending cash reserves for design and

**LOUVIERS WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

engineering costs related to the District's sewer system improvement project and the unexpected water well pump replacement during 2018. Capital assets decreased slightly due to 2018 depreciation expense exceeded 2018 capital asset additions. Current liabilities increased from 2017 due to amounts payable at year end related to the sewer system improvements project. Long-term liabilities decreased due to the District making the scheduled debt service payments on the outstanding loan and bonds. Additional information on capital assets and long-term debt is located below in the Capital Assets and Debt Administration section.

**2017**

As noted in the table below, the District's assets exceed liabilities in 2017 by \$1,828,575. Total assets, liabilities and deferred inflows of resources were \$2,621,173, \$745,476 and \$47,122, respectively. Current assets increased due primarily to positive cash flows from operating activities. Capital assets decreased due to 2017 depreciation expense exceeded 2017 capital asset additions. Current liabilities decreased slightly from 2016. Long-term liabilities decreased due to the District making the scheduled debt service payments on the outstanding loan and bonds. Additional information on capital assets and long-term debt is located below in the Capital Assets and Debt Administration section.

|  | <b>Condensed Statement of Net Position</b> |                    |                     |                    |                     |
|--|--|--------------------|---------------------|--------------------|---------------------|
|  | <b>2016</b>                                | <b>\$ Change</b>   | <b>2017</b>         | <b>\$ Change</b>   | <b>2018</b>         |
| Current assets                             | \$ 373,607                                 | \$ 96,254          | \$ 469,861          | \$ (52,509)        | \$ 417,352          |
| Capital assets                             | 2,273,709                                  | (122,397)          | 2,151,312           | (97)               | 2,151,215           |
| <b>Total Assets</b>                        | <b>2,647,316</b>                           | <b>(26,143)</b>    | <b>2,621,173</b>    | <b>(52,606)</b>    | <b>2,568,567</b>    |
| Current liabilities                        | 26,815                                     | (1,726)            | 25,089              | 3,670              | 28,759              |
| Long-term liabilities                      | 734,686                                    | (14,299)           | 720,387             | (21,317)           | 699,070             |
| <b>Total Liabilities</b>                   | <b>761,501</b>                             | <b>(16,025)</b>    | <b>745,476</b>      | <b>(17,647)</b>    | <b>727,829</b>      |
| Deferred property tax revenue              | 36,936                                     | 10,186             | 47,122              | (134)              | 46,988              |
| <b>Total deferred inflows of resources</b> | <b>36,936</b>                              | <b>10,186</b>      | <b>47,122</b>       | <b>(134)</b>       | <b>46,988</b>       |
| Investment in capital assets               | 1,526,362                                  | (108,229)          | 1,418,133           | 20,012             | 1,438,145           |
| Restricted for:                            |  |                    |                     |                    |                     |
| Debt service                               | 27,939                                     | 5,367              | 33,306              | 1,566              | 34,872              |
| Operations and maintenance reserve         | 22,762                                     | 311                | 23,073              | (152)              | 22,921              |
| Emergencies                                | 1,360                                      | (765)              | 595                 | 85                 | 680                 |
| Unrestricted                               | 270,456                                    | 83,012             | 353,468             | (56,336)           | 297,132             |
| <b>Total Net Position</b>                  | <b>\$ 1,848,879</b>                        | <b>\$ (20,304)</b> | <b>\$ 1,828,575</b> | <b>\$ (34,825)</b> | <b>\$ 1,793,750</b> |

**Changes in Net Position**

**2018**

As noted in the table below, the District's net position decreased by \$34,825. Operating revenue increased by \$7,022, due primarily to 3.0% rate increases by the District effective January 1, 2018. Nonoperating revenue increased due to the District receiving \$10,186 more in property taxes due to higher assessed valuations and mill levies for 2018 collection when compared to 2017. Overall operating expenses were \$6,050, slightly more than 2017.

**LOUVIERS WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

Nonoperating expenses increased due to loan issuance costs paid in the amount of \$8,187 and a loss on disposal of capital assets of \$13,334 due to the unexpected replacement of the pump and motor at the north well. During 2017 the District received capital contributions consisting of tap fees in the amount of \$9,800 for a new home being constructed within the District's boundaries, however no tap fees were received in 2018.

**2017**

As noted in the table below, the District's net position decreased by \$20,304. Operating revenue increased by \$6,761, due primarily to 3.0% rate increases by the District effective January 1, 2017. Nonoperating revenue decreased due to the District receiving a Small Communities Grant for \$17,054 in 2016, while only receiving \$276 of grant revenues in 2017. Overall operating expenses were \$21,326 lower than 2016 due primarily to expending \$22,488 for a wastewater preliminary needs assessment and loan pre-qualification in 2016, while only \$2,985 was spent on the preliminary needs assessment and loan pre-qualification in 2017. During 2017 the District received capital contributions consisting of tap fees in the amount of \$9,800 for a new home being constructed within the District's boundaries.

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

|   | <u>2016</u>         | <u>\$ Change</u>   | <u>2017</u>         | <u>\$ Change</u>   | <u>2018</u>         |
|---|---------------------|--------------------|---------------------|--------------------|---------------------|
| Operating revenue                       | \$ 204,326          | \$ 6,761           | \$ 211,087          | \$ 7,022           | \$ 218,109          |
| Nonoperating revenue                    | 58,504              | (11,823)           | 46,681              | 15,645             | 62,326              |
| <b>Total revenues</b>                   | <u>262,830</u>      | <u>(5,062)</u>     | <u>257,768</u>      | <u>22,667</u>      | <u>280,435</u>      |
| Operating expenses                      | 283,085             | (21,326)           | 261,759             | 6,050              | 267,809             |
| Nonoperating expenses                   | 26,451              | (338)              | 26,113              | 21,338             | 47,451              |
| <b>Total expenses</b>                   | <u>309,536</u>      | <u>(21,664)</u>    | <u>287,872</u>      | <u>27,388</u>      | <u>315,260</u>      |
| Income before capital contributions     | <u>(46,706)</u>     | <u>16,602</u>      | <u>(30,104)</u>     | <u>(4,721)</u>     | <u>(34,825)</u>     |
| Capital contributions                   | <u>-</u>            | <u>9,800</u>       | <u>9,800</u>        | <u>(9,800)</u>     | <u>-</u>            |
| Change in net position                  | (46,706)            | 26,402             | (20,304)            | (14,521)           | (34,825)            |
| <b>Net Position - Beginning of Year</b> | <u>1,895,585</u>    | <u>(46,706)</u>    | <u>1,848,879</u>    | <u>(20,304)</u>    | <u>1,828,575</u>    |
| <b>Net Position - End of Year</b>       | <u>\$ 1,848,879</u> | <u>\$ (20,304)</u> | <u>\$ 1,828,575</u> | <u>\$ (34,825)</u> | <u>\$ 1,793,750</u> |

**BUDGETARY HIGHLIGHTS**

The District's budget was not amended for the year ended December 31, 2018. For 2018, actual revenues were \$190,307 less than budgeted primarily due to the District anticipated receiving grant/loan proceeds of \$200,000, however the loan agreements were not finalized until May 2019. Water main breaks and sewer main were under budget by \$8,451 and \$10,300, respectively. The District had anticipated \$200,000 of wastewater system improvement expenditures, when actual costs were \$119,662, or \$80,338 under budget. The District also spent \$25,555 to replace the pump and motor at the north well, which had not been budgeted, resulting in an unfavorable budget variance. Overall, budgeted expenditures were \$406,846 and actual expenditures were \$335,272, or \$71,574 under budget.

**LOUVIERS WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The changes in the District's investment in capital assets are as follows:

|  | <b>Capital Assets Summary</b> |                     |                     |                  |                     |
|--|-------------------------------|---------------------|---------------------|------------------|---------------------|
|  | <b>2016</b>                   | <b>\$ Change</b>    | <b>2017</b>         | <b>\$ Change</b> | <b>2018</b>         |
| Land   | \$ 75,303                     | \$ -                | \$ 75,303           | \$ -             | \$ 75,303           |
| Construction in Progress                           | -                             | -                   | -                   | 119,662          | 119,662             |
| <b>Total capital assets, not being depreciated</b> | <u>75,303</u>                 | <u>-</u>            | <u>75,303</u>       | <u>119,662</u>   | <u>194,965</u>      |
| Water system and facilities, net                   | 1,523,888                     | (101,708)           | 1,422,180           | (99,070)         | 1,323,110           |
| Wastewater system and facilities, net              | 674,518                       | (20,689)            | 653,829             | (20,689)         | 633,140             |
| <b>Total capital assets being depreciated, net</b> | <u>2,198,406</u>              | <u>(122,397)</u>    | <u>2,076,009</u>    | <u>(119,759)</u> | <u>1,956,250</u>    |
| <b>Total capital assets, net</b>                   | <u>\$ 2,273,709</u>           | <u>\$ (122,397)</u> | <u>\$ 2,151,312</u> | <u>\$ (97)</u>   | <u>\$ 2,151,215</u> |

**2018**

During 2018, the District incurred design and engineering costs of \$119,662 for wastewater system improvements. These have been capitalized as construction in progress at December 31, 2018. The District anticipates completing the project in late 2019. Also, during 2018 the District's pump and motor at the north well failed and was replaced at a cost of \$25,555. The District recognized a \$13,334 loss on the disposal of the replaced pump and motor.

**2017**

During 2017, the District replaced an existing fire hydrant for \$9,025. Overall, capital assets decreased due to the depreciation expense on the District's capital assets exceeded the current year addition.

Additional information on the District's capital assets can be found in Note 4 of this report.

**Long-Term Obligations**

The changes in the District's long-term obligations are as follows:

|   | <b>Long-term Debt Summary</b> |                    |                   |                    |                   |
|---|-------------------------------|--------------------|-------------------|--------------------|-------------------|
|   | <b>2016</b>                   | <b>Retirements</b> | <b>2017</b>       | <b>Retirements</b> | <b>2018</b>       |
| General obligation bond,<br>Series 2009 | \$ 623,989                    | \$ (9,513)         | \$ 614,476        | \$ (8,481)         | \$ 605,995        |
| CWRPDA Loan                             | 123,358                       | (4,655)            | 118,703           | (11,628)           | 107,075           |
| <b>Total long-term debt</b>             | <u>\$ 747,347</u>             | <u>\$ (14,168)</u> | <u>\$ 733,179</u> | <u>\$ (20,109)</u> | <u>\$ 713,070</u> |

**LOUVIERS WATER AND SANITATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017**

**2018**

During 2018, the District made the scheduled debt service payments on the outstanding bond and made an additional principal payment on the loan.

**2017**

During 2017, the District made the scheduled debt service payments on the outstanding bond and loan.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

**ECONOMIC FACTORS NEXT YEAR'S BUDGET AND RATES**

In adopting the District's budget for 2019, the District continued to levy property tax of 10.000 mills on the properties within the District's boundaries for operations and 10.795 mills to pay a portion of the debt service on the District's outstanding long-term debt, resulting in a total mill levy of 20.795 mills. The District's total assessed valuation on the property within the District's boundaries decreased slightly to \$2,259,580 for the 2019 levied taxes. For 2019, the District increased the sewer rates by 3%, and reallocated \$30.00 of the water operations and improvement fee to sewer operations and improvements. The total bi-monthly charge increased from \$256.52 to \$264.21. The District's 2019 budget also anticipates incurring \$1,110,000 of expenditures related to sewer system improvements, which are anticipated to be funded from loan proceeds. The 2019 budget anticipates total revenue of \$1,258,907 and total expenditures of \$1,250,242. The ending funds available is expected to end the year at \$151,154.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of Louviers Water and Sanitation District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Accountant, Neil Schilling, CPA, Schilling & Company, Inc., P.O. Box 632060 Highlands Ranch, CO 80163 or by phone at (720) 348-1086.

## **BASIC FINANCIAL STATEMENTS**

**LOUVIERS WATER AND SANITATION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**December 31, 2018 and 2017**

|   | <b>2018</b>         | <b>2017</b>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| <b>CURRENT ASSETS</b>   |                     |                     |
| Cash and cash equivalents - Unrestricted                                  | \$ 287,730          | \$ 337,000          |
| Cash and cash equivalents - Restricted                                    | 34,872              | 31,441              |
| Due from county treasurer   | 477                 | 271                 |
| Accounts receivable:  |                     |                     |
| Customers   | 41,059              | 46,768              |
| Property taxes receivable   | 46,988              | 47,122              |
| Prepaid expenses  | 6,226               | 7,259               |
| Total current assets  | 417,352             | 469,861             |
| <b>CAPITAL ASSETS</b>   |                     |                     |
| Capital assets, not being depreciated                                     | 194,965             | 75,303              |
| Capital assets, being depreciated   | 2,648,761           | 2,643,206           |
|   | 2,843,726           | 2,718,509           |
| Less accumulated depreciation and amortization                            | (692,511)           | (567,197)           |
| Total capital assets  | 2,151,215           | 2,151,312           |
| <b>TOTAL ASSETS</b>   | <b>\$ 2,568,567</b> | <b>\$ 2,621,173</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>       |                     |                     |
| <b>CURRENT LIABILITIES</b>  |                     |                     |
| Accounts and retainage payable  | \$ 10,650           | \$ 6,430            |
| Deposits  | -                   | 589                 |
| Accrued interest payable  | 4,109               | 5,278               |
| Current portion of long-term debt   | 14,000              | 12,792              |
| Total current liabilities   | 28,759              | 25,089              |
| <b>LONG-TERM LIABILITIES</b>  |                     |                     |
| Long-term portion of long-term debt                                       | 699,070             | 720,387             |
| Total long-term liabilities   | 699,070             | 720,387             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                     |                     |
| Deferred property tax revenue   | 46,988              | 47,122              |
| Total deferred inflows of resources                                       | 46,988              | 47,122              |
| <b>NET POSITION</b>   |                     |                     |
| Net investment in capital assets  | 1,438,145           | 1,418,133           |
| Restricted for:   |                     |                     |
| Debt service  | 34,872              | 33,306              |
| Operation and maintenance reserve   | 22,921              | 23,073              |
| Emergencies   | 680                 | 595                 |
| Unrestricted  | 297,132             | 353,468             |
| Total net position  | 1,793,750           | 1,828,575           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 2,568,567</b> | <b>\$ 2,621,173</b> |

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

**LOUVIERS WATER AND SANITATION DISTRICT  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
Years Ended December 31, 2018 and 2017**

|  | <b>2018</b>  | <b>2017</b>  |
|--|--------------|--------------|
| <b>OPERATING REVENUE</b>                 |              |              |
| Water service charges                    | \$ 118,646   | \$ 131,226   |
| Sewer service charges                    | 93,935       | 76,598       |
| Late fees and other charges              | 5,528        | 3,263        |
| Total operating revenue                  | 218,109      | 211,087      |
| <b>OPERATING EXPENSES</b>                |              |              |
| Water and sewer operations               | 81,832       | 89,775       |
| Administration expense                   | 53,997       | 40,562       |
| Depreciation                             | 131,980      | 131,422      |
| Total operating expenses                 | 267,809      | 261,759      |
| <b>OPERATING LOSS</b>                    | (49,700)     | (50,672)     |
| <b>NONOPERATING REVENUE (EXPENSE)</b>    |              |              |
| Property taxes                           | 47,122       | 36,936       |
| Specific ownership taxes                 | 4,984        | 4,045        |
| Cell tower lease income                  | 5,184        | 5,184        |
| Net investment income                    | 5,036        | 240          |
| Small Communities Grant                  | -            | 276          |
| County treasurer fees                    | (708)        | (554)        |
| Interest expense                         | (25,222)     | (25,559)     |
| Loss on disposal of capital assets       | (13,334)     | -            |
| Loan issuance costs                      | (8,187)      | -            |
| Total nonoperating revenue (expense)     | 14,875       | 20,568       |
| <b>LOSS BEFORE CAPITAL CONTRIBUTIONS</b> | (34,825)     | (30,104)     |
| <b>CAPITAL CONTRIBUTIONS</b>             |              |              |
| Tap fees                                 | -            | 9,800        |
| Total capital contributions              | -            | 9,800        |
| <b>CHANGE IN NET POSITION</b>            | (34,825)     | (20,304)     |
| <b>NET POSITION - BEGINNING OF YEAR</b>  | 1,828,575    | 1,848,879    |
| <b>NET POSITION - END OF YEAR</b>        | \$ 1,793,750 | \$ 1,828,575 |

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

**LOUVIERS WATER AND SANITATION DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2018 and 2017**

|   | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |             |             |
| Receipts from customers   | \$ 223,229  | \$ 207,026  |
| Payments to vendors   | (134,628)   | (139,654)   |
| Net cash provided by operating activities   | 88,601      | 67,372      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |             |             |
| Cell tower lease income received  | 5,184       | 5,184       |
| Property taxes  | 46,414      | 36,382      |
| Specific ownership taxes  | 4,778       | 4,030       |
| Grants received   | -           | 2,370       |
| Net cash provided by capital financing activities   | 56,376      | 47,966      |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>   |             |             |
| Purchases of capital assets   | (141,165)   | (9,025)     |
| Interest paid   | (26,391)    | (25,358)    |
| Loan and bond principal paid  | (20,109)    | (14,168)    |
| Loan issuance costs paid  | (8,187)     | -           |
| Tap fees received   | -           | 9,800       |
| Net cash required by capital financing activities   | (195,852)   | (38,751)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |             |             |
| Interest received   | 5,036       | 240         |
| Net cash provided by investing activities   | 5,036       | 240         |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>  | (45,839)    | 76,827      |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>  | 368,441     | 291,614     |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | \$ 322,602  | \$ 368,441  |
| <b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>      |             |             |
| Net income (loss) from operations   | \$ (49,700) | \$ (50,672) |
| Adjustments to reconcile income from operations to net cash provided by operating activities: |             |             |
| Depreciation  | 131,980     | 131,422     |
| Effects of changes in operating assets and liabilities:                                       |             |             |
| Accounts receivable   | 5,709       | (4,061)     |
| Prepaid expenses  | 1,033       | (7,259)     |
| Accounts payable  | 168         | (2,058)     |
| Deposits  | (589)       | -           |
| Net cash provided by operating activities   | \$ 88,601   | \$ 67,372   |

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

**LOUVIERS WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Louviers Water and Sanitation District (District), was created on November 20, 2008, as a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District purpose is to provide public water and sanitary sewer services to the citizens of the District. The District is governed by an elected Board of Directors.

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

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

The District and Louviers Mutual Service Company (LMSC), a Colorado nonprofit organization, entered into a Dissolution and Transfer Agreement dated May 28, 2009, providing, among other things, for the assignment and transfer by LMSC to the District, of all tangible and intangible assets of LMSC, owned by LMSC at the time of dissolution. Effective October 30, 2009 the District entered into a Bill of Sale and Assignment and Assumption Agreement with LMSC to assign and transfer all tangible and intangible assets owned by LMSC to the District and for the District to assume all liabilities of LMSC.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Accounting**

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

**LOUVIERS WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**Operating Revenues and Expenses**

The District distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

**Budgets**

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

**Property Taxes**

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

**Cash Equivalents**

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

**Capital Assets**

Capital assets are recorded at cost except for those assets which have been contributed which are stated at estimated fair value at the date of contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements, exceeding \$5,000, are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation and

**LOUVIERS WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

amortization expense has been computed using the straight-line method over the estimated economic useful lives:

|                                  |            |
|----------------------------------|------------|
| Water system and facilities      | 5-20 years |
| Wastewater system and facilities | 5-40 years |

**Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

**Tap Fees and Contributed Capital Assets**

Tap fees are recorded as capital contributions when received. Capital assets contributed to the District are recorded as capital contributions and additions to the systems at estimated fair market value when received.

**Restricted Resources**

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

**NOTE 3 - CASH AND INVESTMENTS**

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators.

Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2018, the District had cash deposits with a bank balance of \$48,073 and a carrying balance of \$47,888. At December 31, 2017, the District had cash deposits with a bank balance of \$365,785 and a carrying balance of \$368,441.

**LOUVIERS WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**Investments**

**Credit Risk**

The District has not adopted a formal investment policy, however, the District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

**Interest Rate Risk**

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

**Concentration of Credit Risk**

The District does not have a policy that addresses limitations on the amount that can be invested in any one issuer however, the District invests primarily in local government investment pools, which are not subject to concentration of credit risk.

As of and for the years ending December 31, 2018 and 2017, the District held the following investments:

| <u>Investment</u>  | <u>Maturity</u>                | <u>Carrying Value</u> |             |
|--|--------------------------------|-----------------------|-------------|
|  |                                | <u>2018</u>           | <u>2017</u> |
| Colostrust Local Government Liquid Asset Trust (COLOTRUST) | Weighted average under 60 days | <u>\$ 274,714</u>     | <u>\$ -</u> |

**COLOTRUST**

At December 31, 2018, the District has invested 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 Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios

**LOUVIERS WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor's.

**Investment Valuation**

The District's investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend for which the investment valuations were determined as follows.

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

Cash Deposits and Investments are reflected in the Statement of Net Position at December 31, 2018 and 2017 as follows:

|  | <b>2018</b> | <b>2017</b> |
|--|-------------|-------------|
| Cash and Cash Equivalents - Unrestricted | \$ 287,730  | \$ 337,000  |
| Cash and Cash Equivalents - Restricted   | 34,872      | 31,441      |
|  | \$ 322,602  | \$ 368,441  |

The cash and cash equivalents – restricted is restricted for the payment of debt service on the District's General Obligation Bond, Series 2009.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

**LOUVIERS WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

|  | <b>Balance at<br/>December 31,<br/>2017</b> | <b>Additions</b>        | <b>Disposals/<br/>Retirements</b> | <b>Balance at<br/>December 31,<br/>2018</b> |
|--|---|-------------------------|-----------------------------------|---|
| Capital assets, not being depreciated:         |   |                         |                                   |   |
| Land   | \$ 75,303                                   | \$ -                    | \$ -                              | \$ 75,303                                   |
| Construction in progress                       | -   | 119,662                 | -                                 | 119,662                                     |
| Total capital assets, not<br>being depreciated | <u>75,303</u>                               | <u>119,662</u>          | <u>-</u>                          | <u>194,965</u>                              |
| Capital assets, being depreciated:             |   |                         |                                   |   |
| Water system and facilities                    | 1,813,274                                   | 25,555                  | (20,000)                          | 1,818,829                                   |
| Wastewater system and facilities               | 829,932                                     | -                       | -                                 | 829,932                                     |
| Total capital assets being<br>depreciated      | <u>2,643,206</u>                            | <u>25,555</u>           | <u>(20,000)</u>                   | <u>2,648,761</u>                            |
| Less accumulated depreciation for:             |   |                         |                                   |   |
| Water system and facilities                    | (391,094)                                   | (111,291)               | 6,666                             | (495,719)                                   |
| Wastewater system and facilities               | (176,103)                                   | (20,689)                | -                                 | (196,792)                                   |
| Total accumulated depreciation                 | <u>(567,197)</u>                            | <u>(131,980)</u>        | <u>6,666</u>                      | <u>(692,511)</u>                            |
| Total capital assets being<br>depreciated, net | <u>2,076,009</u>                            | <u>(106,425)</u>        | <u>(13,334)</u>                   | <u>1,956,250</u>                            |
| Total capital assets, net                      | <u><u>\$ 2,151,312</u></u>                  | <u><u>\$ 13,237</u></u> | <u><u>\$ (13,334)</u></u>         | <u><u>\$ 2,151,215</u></u>                  |

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

|  | <b>Balance at<br/>December 31,<br/>2016</b> | <b>Additions</b>           | <b>Disposals/<br/>Retirements</b> | <b>Balance at<br/>December 31,<br/>2017</b> |
|--|---|----------------------------|-----------------------------------|---|
| Capital assets, not being depreciated:         |   |                            |                                   |   |
| Land   | \$ 75,303                                   | \$ -                       | \$ -                              | \$ 75,303                                   |
| Total capital assets, not<br>being depreciated | <u>75,303</u>                               | <u>-</u>                   | <u>-</u>                          | <u>75,303</u>                               |
| Capital assets, being depreciated:             |   |                            |                                   |   |
| Water system and facilities                    | 1,804,249                                   | 9,025                      | -                                 | 1,813,274                                   |
| Wastewater system and facilities               | 829,932                                     | -                          | -                                 | 829,932                                     |
| Total capital assets being<br>depreciated      | <u>2,634,181</u>                            | <u>9,025</u>               | <u>-</u>                          | <u>2,643,206</u>                            |
| Less accumulated depreciation for:             |   |                            |                                   |   |
| Water system and facilities                    | (280,361)                                   | (110,733)                  | -                                 | (391,094)                                   |
| Wastewater system and facilities               | (155,414)                                   | (20,689)                   | -                                 | (176,103)                                   |
| Total accumulated depreciation                 | <u>(435,775)</u>                            | <u>(131,422)</u>           | <u>-</u>                          | <u>(567,197)</u>                            |
| Total capital assets being<br>depreciated, net | <u>2,198,406</u>                            | <u>(122,397)</u>           | <u>-</u>                          | <u>2,076,009</u>                            |
| Total capital assets, net                      | <u><u>\$ 2,273,709</u></u>                  | <u><u>\$ (122,397)</u></u> | <u><u>\$ -</u></u>                | <u><u>\$ 2,151,312</u></u>                  |

**LOUVIERS WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 5 – LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2018:

|   | <u>Balance at<br/>December 31,<br/>2017</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at<br/>December 31,<br/>2018</u> | <u>Due<br/>Within<br/>One Year</u> |
|---|---|------------------|--------------------|---|------------------------------------|
| General Obligation Bond,<br>Series 2009 | \$ 614,476                                  | \$ -             | \$ 8,481           | \$ 605,995                                  | \$ 9,630                           |
| CWRPDA Loan                             | 118,703                                     | -                | 11,628             | 107,075                                     | 4,370                              |
|   | <u>\$ 733,179</u>                           | <u>\$ -</u>      | <u>\$ 20,109</u>   | <u>\$ 713,070</u>                           | <u>\$ 14,000</u>                   |

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

|   | <u>Balance at<br/>December 31,<br/>2016</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at<br/>December 31,<br/>2017</u> | <u>Due<br/>Within<br/>One Year</u> |
|---|---|------------------|--------------------|---|------------------------------------|
| General Obligation Bond,<br>Series 2009 | \$ 623,989                                  | \$ -             | \$ 9,513           | \$ 614,476                                  | \$ 8,137                           |
| CWRPDA Loan                             | 123,358                                     | -                | 4,655              | 118,703                                     | 4,655                              |
|   | <u>\$ 747,347</u>                           | <u>\$ -</u>      | <u>\$ 14,168</u>   | <u>\$ 733,179</u>                           | <u>\$ 12,792</u>                   |

**General Obligation Bond, Series 2009**

On November 4, 2009, the District issued a \$680,000 of General Obligation Bond dated November 4, 2009. The bond was issued to the United States of America Rural Utilities Service which is administered by the United States Department of Agriculture, Office of Rural Development. The bond bears interest at 4.125% and requires \$17,436 semiannual payments of principal and interest on May 4 and November 4, commencing on May 4, 2010 with the final payment due on November 4, 2049. The bond is subject to redemption prior to maturity as a whole or any portion thereof, on any date, upon the payment of par and accrued interest, without redemption premium. The proceeds of the bond were used to retire the outstanding balance of the Rural Community Assistance Corporation loan. The District is required to fund a debt service reserve in the amount of \$3,487 annually, until the balance in the debt service reserve account is \$34,872. During 2018 and 2017 the District paid interest on this bond in the amount of \$26,391 and \$25,358, respectively.

**Colorado Water Resources and Power Development Authority Loan**

On October 19, 2012, the District entered into a Loan Agreement of a net \$139,650 (\$1,139,650 loan commitment with \$1,000,000 loan principal forgiveness at loan closing) with the Colorado Water Resources and Power Development Authority (CWRPDA) dated October 19, 2012. The net loan bears an interest rate of 0%. The loan requires semi-annual principal only payments on May 1 and November 1 beginning on November 1, 2013 and continuing through May 1, 2043. The loan was entered into to fund capital improvements consisting of drilling a new well

**LOUVIERS WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

for redundancy, new disinfection system at the water treatment plant, replacing distribution lines, and chlorine contact piping.

Security for the loan is provided by a pledge of the net revenue of the District, excluding certain revenues as defined in the loan agreement. Additionally the District has covenanted to establish and collect such rates, fees and charges, together with other available revenues will be at least sufficient to pay the sum of: a) operation and maintenance expenses, b) 110% of the debt services on the loan, c) the amount, if any, to be paid into any debt service reserve account in connection with any obligations secured by a lien on the net revenue which lien is on a parity with the lien of this loan agreement on the net revenue, d) a sum equal to the debt service on any obligations secured by a lien on the net revenue which lien is subordinate to the lien of this loan agreement on the net revenue, and e) amounts necessary to pay and discharge all charges and liens or other indebtedness not described above and payable out of the gross revenue of the District. The District is also required to maintain an operation and maintenance reserve equal to three months of operation and maintenances expenses, excluding depreciation, of the water system.

The District's long-term obligations will mature as follows:

| <b>Years Ending<br/>December 31,</b> | <b>Principal</b>  | <b>Interest</b>   | <b>Total</b>        |
|--------------------------------------|-------------------|-------------------|---------------------|
| 2019                                 | \$ 14,000         | \$ 25,242         | \$ 39,242           |
| 2020                                 | 14,682            | 24,560            | 39,242              |
| 2021                                 | 15,182            | 24,061            | 39,243              |
| 2022                                 | 15,631            | 23,611            | 39,242              |
| 2023                                 | 16,100            | 23,142            | 39,242              |
| 2024-2028                            | 88,125            | 108,087           | 196,212             |
| 2029-2033                            | 103,215           | 92,997            | 196,212             |
| 2034-2038                            | 121,648           | 74,563            | 196,211             |
| 2039-2043                            | 142,078           | 51,951            | 194,029             |
| 2044-2048                            | 150,137           | 24,223            | 174,360             |
| 2049                                 | 32,272            | 1,726             | 33,998              |
|                                      | <u>\$ 713,070</u> | <u>\$ 474,163</u> | <u>\$ 1,187,233</u> |

As of December 31, 2018 and 2017 the District had authorized but unissued indebtedness of \$680,000 and \$760,000 for water system improvements and refunding outstanding debt, respectively.

**NOTE 6 - NET POSITION**

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

The net investment in capital assets, consists of capital assets, net of accumulated depreciation and if applicable reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**LOUVIERS WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

As of December 31, 2018 and 2017 the District had invested in capital assets of \$1,438,145 and \$1,418,133, respectively.

Restricted net position includes net amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had net position at December 31, 2018 and 2017 restricted for the following purposes:

|  | <u>2018</u>      | <u>2017</u>      |
|--|------------------|------------------|
| Restricted for:                            |                  |                  |
| Debt service (Note 5)                      | \$ 34,872        | \$ 33,306        |
| Operation and maintenance reserve (Note 5) | 22,921           | 23,073           |
| Emergencies (Note 8)                       | 680              | 595              |
|  | <u>\$ 58,473</u> | <u>\$ 56,974</u> |

**NOTE 7 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2018. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

**NOTE 8 - TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

On November 4, 2008 a majority of the District's voters approved the following ballot questions:

Shall Louviers Water and Sanitation District taxes be increased \$25,000 in fiscal year 2009 and by whatever tax revenues are generated in each fiscal year thereafter by an ad valorem property tax mill levy not to exceed ten (10.000) mills, or by such lesser amount as necessary to pay the District's administration and operations and maintenance expenses and shall the proceeds of such taxes and any investment income

**LOUVIERS WATER AND SANITATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

thereon be collected, retained and spent by the District in fiscal year 2010 and in each fiscal year thereafter for as long as the District continues in existence, such authorization to constitute a voter-approved revenue change which may be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained in Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Shall Louviers Water and Sanitation District be authorized to collect, retain, and spend the full amount of all taxes, tax increment revenues, system development fees, park fees, facility fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, or charge authorized by law or contract to be imposed, collected or received by the District during 2008 and each fiscal year thereafter, such amounts to constitute a voter-approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained in Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any subsequent year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

On November 6, 2018 a majority of the District's voters approved the following ballot question:

Shall Louviers Water and Sanitation District debt be increased up to \$1.5 million, with a maximum repayment cost of up to \$2 million, but with no increase in taxes, such debt to consist of a loan agreement, bond, note or other multiple fiscal year financial obligation entered into with a state authority or other entity, or combination thereof, for the purpose of paying, reimbursing, or financing all or any part of the costs of the replacement and or relocation of sewer lines and other sewer collection system improvements, with such debt, which will be paid from the revenues, fees and charges derived from the operation of the District's sewer facilities or properties, to bear interest at a maximum net effective interest rate not to exceed 3.5% per annum and be issued at such time and in such manner and containing such terms, not inconsistent herewith, as the Board of Directors may determine?

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District is of the opinion that its water and sewer operations, and all activities related thereto are carried on as an Enterprise within the meaning of TABOR and the Enterprise Act, C.R.S. 37-45.;1-01, et seq. The District's annual budget and financial statements are deemed by the District to be the annual budget and financial statements of the Enterprise.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in

**LOUVIERS WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and many of the provisions, including the calculation of fiscal year spending limits, growth factors, and qualification as an Enterprise, may require judicial interpretation.

**NOTE 9 – CONTINGENCY**

**Potential BNSF Railroad Land Condemnation**

The District has received notification from Douglas County, Colorado (County) that the BNSF Railroad is proposing condemnation of a 138 acre parcel of land owned by the County. The District has a license agreement with the County to use 20 acres of this 138 acres parcel of land for the District's land application site for its sewer treatment operations. The District has incurred debt and constructed significant capital facilities related to the land application site. The County has communicated certain concerns regarding the proposed condemnation to the BNSF Railroad. The potential impact of the proposed condemnation on the District's operations cannot be determined with certainty at this time. However, if the condemnation goes forward and is successful, the District will have to obtain an alternate site for land application purposes or find some other method for disposing of its treated sludge, the cost of which could be significant. The District has not received any further written communication regarding this matter since receiving the initial notification from Douglas County.

**Excessive Radium Levels**

During 2018 and continuing into 2019, the District's drinking water exceeded the maximum contaminate level for Combined Radium of 5 pCi/L as set by the United States Environmental Protection Agency. Radium is a naturally occurring element common in Colorado and many of the ground water supplies along the Front Range detect some levels of radium in the water. The District is evaluating three options that have been provided by the District's engineer, which have estimated costs from approximately \$1,000,000 to about \$4,000,000. Additionally, the District is in discussion with various entities regarding possible grant and loan funding to assist the District with addressing the elevated Combined Radium levels. The resolution of this matter may take up to 3-4 years. This District has received strong support from Douglas County, several funding agencies, and neighboring water providers in exploring solutions to this issue. At this time, the financial impact on the District cannot be determined because of the multiplicity and uncertainty of the various factors that may be involved.

**LOUVIERS WATER AND SANITATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 10 – SUBSEQUENT EVENT**

On May 7, 2019 the District entered into a Water Pollution Control Revolving Fund Design and Engineering Loan Agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$113,200. The loan proceeds are to be used for collection system improvements, replacement, and/or relocation of lines. At loan closing on May 7, 2019 the CWRPDA forgave 100% of the principal amount of the loan. The loan proceeds are to be used for the design and engineering costs for the collection system improvements, replacement, and or/or relocation of lines project. On May 15, 2019 the District submitted eligible sewer system improvement design and engineering invoices for reimbursement under the loan and received the reimbursement of \$113,200 on May 20, 2019.

On May 7, 2019 the District entered into a Loan Agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$1,100,000. The loan proceeds are to be used for collection system improvements, replacement, and/or relocation of lines. The loan term is for 30 years at an interest rate of 0.00%. However, at the discretion of the CWRPDA, and if such funds are available and the District is deemed eligible, the loan may be forgiven in an amount of up to 100% of the principal amount of the loan. Semi-annual principal payments of \$18,333 are due on May 1 and November 1 of each year, beginning on May 1, 2020 and continuing through November 1, 2049.

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

**SUPPLEMENTAL INFORMATION**

**LOUVIERS WATER AND SANITATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2018**

|  | <b>Original<br/>and Final<br/>Budgeted<br/>Amounts</b> | <b>Actual</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|--|---------------|---|
| <b>REVENUES</b>                          |  |               |   |
| Water service charges                    | \$ 115,000   | \$ 118,646    | \$ 3,646  |
| Sewer service charges                    | 93,500   | 93,935        | 435   |
| Late fees and other charges              | 4,600  | 5,528         | 928   |
| Property taxes                           | 47,122   | 47,122        | -   |
| Specific ownership taxes                 | 5,116  | 4,984         | (132)   |
| Cell tower lease                         | 5,184  | 5,184         | -   |
| Net investment income                    | 220  | 5,036         | 4,816   |
| Grant/loan proceeds                      | 200,000  | -             | (200,000)   |
| Total Revenues                           | 470,742  | 280,435       | (190,307)   |
| <b>EXPENDITURES</b>                      |  |               |   |
| Administration:                          |  |               |   |
| Accounting and bookkeeping               | 12,000   | 12,461        | (461)   |
| Audit                                    | 4,600  | 4,650         | (50)  |
| Directors fees and taxes                 | 6,000  | 6,028         | (28)  |
| Bank charges                             | 220  | 274           | (54)  |
| Computer software/support                | 1,100  | 3,286         | (2,186)   |
| Consultants                              | 3,000  | 4,950         | (1,950)   |
| Election                                 | 2,000  | 1,192         | 808   |
| Insurance                                | 8,400  | 7,122         | 1,278   |
| Legal fees                               | 1,200  | 7,742         | (6,542)   |
| Miscellaneous                            | 200  | 13            | 187   |
| Office supplies/expenditures             | 1,500  | 1,428         | 72  |
| Postage                                  | 800  | 580           | 220   |
| Memberships, dues and subscriptions      | 2,800  | 2,579         | 221   |
| Utilities                                | 1,600  | 1,692         | (92)  |
| County treasurer fees                    | 706  | 708           | (2)   |
| Operations:                              |  |               |   |
| Chemicals                                | 2,600  | 954           | 1,646   |
| Operations                               | 18,000   | 18,433        | (433)   |
| Meter reading                            | 2,200  | 1,860         | 340   |
| Repairs and maintenance:                 |  |               |   |
| Repairs and maintenance - infrastructure | -  | 8,171         | (8,171)   |
| Fire hydrants                            | -  | 1,365         | (1,365)   |
| Water valves/meter replacement           | 1,000  | 2,779         | (1,779)   |
| Tank evaluation and maintenance          | -  | 2,850         | (2,850)   |
| Water main breaks                        | 20,000   | 11,549        | 8,451   |
| Emergency water well repairs             | -  | 266           | (266)   |
| Sewer main breaks                        | 10,300   | -             | 10,300  |
| Miscellaneous repairs and maintenance    | 4,500  | 3,722         | 778   |

(continued)

**LOUVIERS WATER AND SANITATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended December 31, 2018**

(continued)

|  | <b>Final<br/>Budgeted<br/>Amounts</b> | <b>Actual</b>     | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|---------------------------------------|-------------------|---|
| Utility locates                            | 1,200                                 | 2,324             | (1,124)   |
| Testing - water and sewer                  | 12,800                                | 10,209            | 2,591   |
| Utilities - infrastructure                 | 14,200                                | 12,368            | 1,832   |
| Water meters                               | 800                                   | 260               | 540   |
| Sewer cleaning                             | -                                     | 160               | (160)   |
| SCADA monitoring                           | -                                     | 1,750             | (1,750)   |
| Mowing and weed control                    | 3,500                                 | 2,080             | 1,420   |
| Permits                                    | 700                                   | 630               | 70  |
| Miscellaneous                              | 2,500                                 | 102               | 2,398   |
| Capital outlay:                            |                                       |                   |   |
| Water system improvements                  | -                                     | 25,555            | (25,555)  |
| Wastewater system improvements             | 200,000                               | 119,662           | 80,338  |
| Debt service:                              |                                       |                   |   |
| Bond and loan principal                    | 21,111                                | 20,109            | 1,002   |
| Bond interest                              | 25,309                                | 25,222            | 87  |
| Loan issuance costs                        | -                                     | 8,187             | (8,187)   |
| Contingency                                | 20,000                                | -                 | 20,000  |
| Total expenditures                         | 406,846                               | 335,272           | 71,574  |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>  | 63,896                                | (54,837)          | (118,733)   |
| <b>FUNDS AVAILABLE - BEGINNING OF YEAR</b> | 402,452                               | 410,442           | 7,990   |
| <b>FUNDS AVAILABLE - END OF YEAR</b>       | <u>\$ 466,348</u>                     | <u>\$ 355,605</u> | <u>\$ (110,743)</u>   |
| Funds available is computed as follows:    |                                       |                   |   |
| Current assets                             |                                       | \$ 417,352        |   |
| Current liabilities                        |                                       | (28,759)          |   |
| Deferred inflows of resources              |                                       | (46,988)          |   |
| Current portion of long-term debt          |                                       | 14,000            |   |
|  |                                       | <u>\$ 355,605</u> |   |

**LOUVIERS WATER AND SANITATION DISTRICT  
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF  
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
Year Ended December 31, 2018**

|  |           |                 |
|--|-----------|-----------------|
| Revenue (budgetary basis)  | <u>\$</u> | 280,435         |
| Revenues per Statement of Revenues, Expenses and<br>Changes in Fund Net Position               |           | <u>280,435</u>  |
|  |           |                 |
| Expenditures (budgetary basis)   |           | 335,272         |
| Depreciation   |           | 131,980         |
| Loss on disposal of capital assets   |           | 13,334          |
| Capital outlay   |           | (145,217)       |
| Bond and loan principal  |           | <u>(20,109)</u> |
| Expenses per Statement of Revenues, Expenses and<br>Changes in Fund Net Position               |           | <u>315,260</u>  |
|  |           |                 |
| Change in net position per Statement of Revenues, Expenses<br>and Changes in Fund Net Position | <u>\$</u> | <u>(34,825)</u> |

**LOUVIERS WATER AND SANITATION DISTRICT**  
**SCHEDULE OF NET POSITION - WATER AND SEWER OPERATIONS**  
**December 31, 2018**

|   | <u>Water</u>        | <u>Sewer</u>      | <u>Total</u>        |
|---|---------------------|-------------------|---------------------|
| <b>ASSETS</b>   |                     |                   |                     |
| <b>CURRENT ASSETS</b>   |                     |                   |                     |
| Cash and cash equivalents - Unrestricted                                  | \$ 304,431          | \$ (16,701)       | \$ 287,730          |
| Cash and cash equivalents - Restricted                                    | -                   | 34,872            | 34,872              |
| Due from county treasurer   | 238                 | 239               | 477                 |
| Accounts receivable:  |                     |                   |                     |
| Customers   | 22,438              | 18,621            | 41,059              |
| Property taxes receivable   | 23,428              | 23,560            | 46,988              |
| Prepaid expenses  | 3,113               | 3,113             | 6,226               |
| Total current assets  | <u>353,648</u>      | <u>63,704</u>     | <u>417,352</u>      |
| <b>CAPITAL ASSETS</b>   |                     |                   |                     |
| Capital assets, not being depreciated:                                    |                     |                   |                     |
| Land  | 16,438              | 58,865            | 75,303              |
| Construction in progress  | -                   | 119,662           | 119,662             |
| Capital assets, being depreciated:  |                     |                   |                     |
| System and facilities   | 1,818,829           | 829,932           | 2,648,761           |
|   | <u>1,835,267</u>    | <u>1,008,459</u>  | <u>2,843,726</u>    |
| Less accumulated depreciation and amortization                            | (495,719)           | (196,792)         | (692,511)           |
| Total capital assets  | <u>1,339,548</u>    | <u>811,667</u>    | <u>2,151,215</u>    |
| <b>TOTAL ASSETS</b>   | <u>\$ 1,693,196</u> | <u>\$ 875,371</u> | <u>\$ 2,568,567</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>       |                     |                   |                     |
| <b>CURRENT LIABILITIES</b>  |                     |                   |                     |
| Accounts payable  | \$ 4,244            | \$ 6,406          | \$ 10,650           |
| Accrued interest payable  | -                   | 4,109             | 4,109               |
| Current portion of long-term debt   | 4,370               | 9,630             | 14,000              |
| Total current liabilities   | <u>8,614</u>        | <u>20,145</u>     | <u>28,759</u>       |
| <b>LONG-TERM LIABILITIES</b>  |                     |                   |                     |
| Long-term portion of long-term debt                                       | 102,705             | 596,365           | 699,070             |
| Total long-term liabilities   | <u>102,705</u>      | <u>596,365</u>    | <u>699,070</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                     |                   |                     |
| Deferred property tax revenue   | 23,428              | 23,560            | 46,988              |
| Total deferred inflows of resources                                       | <u>23,428</u>       | <u>23,560</u>     | <u>46,988</u>       |
| <b>NET POSITION</b>   |                     |                   |                     |
| Net investment in capital assets  | 1,232,473           | 205,672           | 1,438,145           |
| Restricted for:   |                     |                   |                     |
| Debt service  | -                   | 34,872            | 34,872              |
| Operation and maintenance reserve   | 22,921              | -                 | 22,921              |
| Emergencies   | 408                 | 272               | 680                 |
| Unrestricted  | 302,647             | (5,515)           | 297,132             |
| Total net position  | <u>1,558,449</u>    | <u>235,301</u>    | <u>1,793,750</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <u>\$ 1,693,196</u> | <u>\$ 875,371</u> | <u>\$ 2,568,567</u> |

**LOUVIERS WATER AND SANITATION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - WATER AND SEWER OPERATIONS**  
**Year Ended December 31, 2018**

|  | <u>Water</u>        | <u>Sewer</u>      | <u>Total</u>        |
|--|---------------------|-------------------|---------------------|
| <b>OPERATING REVENUE</b>                 |                     |                   |                     |
| Service charges                          | \$ 118,646          | \$ 93,935         | \$ 212,581          |
| Late fees and other charges              | 4,044               | 1,484             | 5,528               |
| Total operating revenue                  | <u>122,690</u>      | <u>95,419</u>     | <u>218,109</u>      |
| <b>OPERATING EXPENSES</b>                |                     |                   |                     |
| Operations expense:                      |                     |                   |                     |
| Chemicals                                | 954                 | -                 | 954                 |
| Operations                               | 10,389              | 8,044             | 18,433              |
| Meter reading                            | 1,860               | -                 | 1,860               |
| Repairs and maintenance:                 |                     |                   |                     |
| Repairs and maintenance - infrastructure | 7,509               | 662               | 8,171               |
| Fire hydrants                            | 1,365               | -                 | 1,365               |
| Water valves/meter replacement           | 2,779               | -                 | 2,779               |
| Tank evaluation and maintenance          | 2,850               | -                 | 2,850               |
| Water/sewer main breaks                  | 11,549              | -                 | 11,549              |
| Emergency water well repairs             | 266                 | -                 | 266                 |
| Miscellaneous repairs and maintenance    | 2,717               | 1,005             | 3,722               |
| Utility locates                          | 1,162               | 1,162             | 2,324               |
| Testing - water and sewer                | 2,375               | 7,834             | 10,209              |
| Utilities - infrastructure               | 11,157              | 1,211             | 12,368              |
| Water meters                             | 260                 | -                 | 260                 |
| Sewer cleaning                           | -                   | 160               | 160                 |
| SCADA monitoring                         | 1,750               | -                 | 1,750               |
| Mowing and weed control                  | 1,250               | 830               | 2,080               |
| Permits                                  | 75                  | 555               | 630                 |
| Miscellaneous                            | 102                 | -                 | 102                 |
| Administration expense:                  |                     |                   |                     |
| Accounting and bookkeeping               | 6,206               | 6,255             | 12,461              |
| Audit                                    | 2,325               | 2,325             | 4,650               |
| Directors fees and taxes                 | 3,014               | 3,014             | 6,028               |
| Bank charges                             | 188                 | 86                | 274                 |
| Computer software/support                | 1,643               | 1,643             | 3,286               |
| Consultants                              | 4,652               | 298               | 4,950               |
| Election                                 | 130                 | 1,062             | 1,192               |
| Insurance                                | 3,561               | 3,561             | 7,122               |
| Legal fees                               | 2,160               | 5,582             | 7,742               |
| Miscellaneous                            | -                   | 13                | 13                  |
| Office supplies/expenses                 | 714                 | 714               | 1,428               |
| Postage                                  | 290                 | 290               | 580                 |
| Memberships, dues and subscriptions      | 2,377               | 202               | 2,579               |
| Utilities                                | 1,067               | 625               | 1,692               |
| Depreciation                             | 111,291             | 20,689            | 131,980             |
| Total operating expenses                 | <u>199,987</u>      | <u>67,822</u>     | <u>267,809</u>      |
| <b>OPERATING INCOME (LOSS)</b>           | <u>(77,297)</u>     | <u>27,597</u>     | <u>(49,700)</u>     |
| <b>NONOPERATING REVENUE (EXPENSE)</b>    |                     |                   |                     |
| Property taxes                           | 23,494              | 23,628            | 47,122              |
| Specific ownership taxes                 | 2,485               | 2,499             | 4,984               |
| Cell tower lease income                  | 2,592               | 2,592             | 5,184               |
| Net investment income                    | 3,016               | 2,020             | 5,036               |
| County treasurer fees                    | (353)               | (355)             | (708)               |
| Interest expense                         | -                   | (25,222)          | (25,222)            |
| Loss on disposal of capital assets       | (13,334)            | -                 | (13,334)            |
| Loan issuance costs                      | -                   | (8,187)           | (8,187)             |
| Total nonoperating revenue (expense)     | <u>17,900</u>       | <u>(3,025)</u>    | <u>14,875</u>       |
| <b>CHANGE IN NET POSITION</b>            | <u>(59,397)</u>     | <u>24,572</u>     | <u>(34,825)</u>     |
| <b>NET POSITION - BEGINNING OF YEAR</b>  | <u>1,617,846</u>    | <u>210,729</u>    | <u>1,828,575</u>    |
| <b>NET POSITION - END OF YEAR</b>        | <u>\$ 1,558,449</u> | <u>\$ 235,301</u> | <u>\$ 1,793,750</u> |

**LOUVIERS WATER AND SANITATION DISTRICT**  
**SCHEDULE OF CASH FLOWS - WATER AND SEWER OPERATIONS**  
Year Ended December 31, 2018

|   | <u>Water</u>      | <u>Sewer</u>     | <u>Total</u>      |
|---|-------------------|------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                  |                   |
| Receipts from customers   | \$ 129,153        | \$ 94,076        | \$ 223,229        |
| Payments to vendors   | <u>(87,992)</u>   | <u>(46,636)</u>  | <u>(134,628)</u>  |
| Net cash provided by operating activities   | <u>41,161</u>     | <u>47,440</u>    | <u>88,601</u>     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |                   |                  |                   |
| Cell tower lease income received  | 2,592             | 2,592            | 5,184             |
| Property taxes  | 23,141            | 23,273           | 46,414            |
| Specific ownership taxes  | 2,382             | 2,396            | 4,778             |
| Net cash provided by capital financing activities   | <u>28,115</u>     | <u>28,261</u>    | <u>56,376</u>     |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>   |                   |                  |                   |
| Purchases of capital assets   | (25,555)          | (115,610)        | (141,165)         |
| Interest paid   | -                 | (26,391)         | (26,391)          |
| Loan and bond principal paid  | (11,628)          | (8,481)          | (20,109)          |
| Loan issuance costs paid  | -                 | (8,187)          | (8,187)           |
| Net cash required by capital financing activities   | <u>(37,183)</u>   | <u>(158,669)</u> | <u>(195,852)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                  |                   |
| Interest received   | 3,016             | 2,020            | 5,036             |
| Net cash provided by investing activities   | <u>3,016</u>      | <u>2,020</u>     | <u>5,036</u>      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>  | 35,109            | (80,948)         | (45,839)          |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>  | <u>269,322</u>    | <u>99,119</u>    | <u>368,441</u>    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <u>\$ 304,431</u> | <u>\$ 18,171</u> | <u>\$ 322,602</u> |
| <b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>      |                   |                  |                   |
| Net income (loss) from operations   | \$ (77,297)       | \$ 27,597        | \$ (49,700)       |
| Adjustments to reconcile income from operations to net cash provided by operating activities: |                   |                  |                   |
| Depreciation  | 111,291           | 20,689           | 131,980           |
| Effects of changes in operating assets and liabilities:                                       |                   |                  |                   |
| Accounts receivable   | 7,052             | (1,343)          | 5,709             |
| Prepaid expenses  | 516               | 517              | 1,033             |
| Accounts payable  | 188               | (20)             | 168               |
| Deposits  | <u>(589)</u>      | <u>-</u>         | <u>(589)</u>      |
| Net cash provided by operating activities   | <u>\$ 41,161</u>  | <u>\$ 47,440</u> | <u>\$ 88,601</u>  |

**LOUVIERS WATER AND SANITATION DISTRICT  
SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED  
Year Ended December 31, 2018**

| <u>Year Ended<br/>December 31,</u>                       | <u>Prior Year<br/>Assessed<br/>Valuation<br/>for Current<br/>Year<br/>Tax Levy</u> | <u>Mills<br/>Levied</u> | <u>Total Property Taxes</u> |                                | <u>Percent<br/>Collected<br/>to Levied</u> |
|--|--|-------------------------|-----------------------------|--------------------------------|--|
|  |  |                         | <u>Levied</u>               | <u>Collected<br/>Currently</u> |  |
| 2011   | \$ 2,031,490   | 10.000                  | \$ 20,315                   | \$ 20,315                      | 100.0%                                     |
| 2012   | \$ 1,615,070   | 10.000                  | \$ 16,151                   | \$ 16,151                      | 100.0%                                     |
| 2013   | \$ 1,609,720   | 12.873                  | \$ 20,722                   | \$ 20,722                      | 100.0%                                     |
| 2014   | \$ 1,564,960   | 14.873                  | \$ 23,276                   | \$ 23,276                      | 100.0%                                     |
| 2015   | \$ 1,608,050   | 16.322                  | \$ 26,246                   | \$ 26,288                      | 100.2%                                     |
| 2016   | \$ 1,965,360   | 16.795                  | \$ 33,009                   | \$ 33,009                      | 100.0%                                     |
| 2017   | \$ 1,965,160   | 18.795                  | \$ 36,936                   | \$ 36,936                      | 100.0%                                     |
| 2018   | \$ 2,266,040   | 20.795                  | \$ 47,122                   | \$ 47,122                      | 100.0%                                     |
| Estimated for<br>the year ending<br>December 31,<br>2019 | \$ 2,259,580   | 20.795                  | \$ 46,988                   |                                |  |

**NOTES:**

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

**LOUVIERS WATER AND SANITATION DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2018**

**General Obligation Bond  
Series 2009  
Principal and 4.125% Interest Due  
May 4 and November 4**

| <b>Year Ending<br/>December 31,</b> | <b>Principal</b>  | <b>Interest</b>   | <b>Total</b>        |
|-------------------------------------|-------------------|-------------------|---------------------|
| 2019                                | \$ 9,630          | \$ 25,242         | \$ 34,872           |
| 2020                                | 10,312            | 24,560            | 34,872              |
| 2021                                | 10,811            | 24,061            | 34,872              |
| 2022                                | 11,261            | 23,611            | 34,872              |
| 2023                                | 11,730            | 23,142            | 34,872              |
| 2024                                | 12,156            | 22,716            | 34,872              |
| 2025                                | 12,726            | 22,146            | 34,872              |
| 2026                                | 13,256            | 21,616            | 34,872              |
| 2027                                | 13,809            | 21,063            | 34,872              |
| 2028                                | 14,326            | 20,546            | 34,872              |
| 2029                                | 14,981            | 19,891            | 34,872              |
| 2030                                | 15,606            | 19,266            | 34,872              |
| 2031                                | 16,256            | 18,616            | 34,872              |
| 2032                                | 16,883            | 17,989            | 34,872              |
| 2033                                | 17,637            | 17,235            | 34,872              |
| 2034                                | 18,372            | 16,500            | 34,872              |
| 2035                                | 19,138            | 15,734            | 34,872              |
| 2036                                | 19,893            | 14,979            | 34,872              |
| 2037                                | 20,764            | 14,108            | 34,872              |
| 2038                                | 21,630            | 13,242            | 34,872              |
| 2039                                | 22,531            | 12,341            | 34,872              |
| 2040                                | 23,438            | 11,434            | 34,872              |
| 2041                                | 24,447            | 10,425            | 34,872              |
| 2042                                | 25,466            | 9,406             | 34,872              |
| 2043                                | 26,527            | 8,345             | 34,872              |
| 2044                                | 27,612            | 7,260             | 34,872              |
| 2045                                | 28,783            | 6,089             | 34,872              |
| 2046                                | 29,983            | 4,889             | 34,872              |
| 2047                                | 31,232            | 3,640             | 34,872              |
| 2048                                | 32,527            | 2,345             | 34,872              |
| 2049                                | 32,272            | 1,726             | 33,998              |
|                                     | <u>\$ 605,995</u> | <u>\$ 474,163</u> | <u>\$ 1,080,158</u> |

**Colorado Water Resources and  
Power Development Authority Loan  
Principal and 0.000% Interest Due  
May 1 and November 1**

|                   |                 |                   | <b>Total</b>      |                   |                     |
|-------------------|-----------------|-------------------|-------------------|-------------------|---------------------|
| <b>Principal</b>  | <b>Interest</b> | <b>Total</b>      | <b>Principal</b>  | <b>Interest</b>   | <b>Total</b>        |
| \$ 4,370          | \$ -            | \$ 4,370          | \$ 14,000         | \$ 25,242         | \$ 39,242           |
| 4,370             | -               | 4,370             | 14,682            | 24,560            | 39,242              |
| 4,371             | -               | 4,371             | 15,182            | 24,061            | 39,243              |
| 4,370             | -               | 4,370             | 15,631            | 23,611            | 39,242              |
| 4,370             | -               | 4,370             | 16,100            | 23,142            | 39,242              |
| 4,371             | -               | 4,371             | 16,527            | 22,716            | 39,243              |
| 4,370             | -               | 4,370             | 17,096            | 22,146            | 39,242              |
| 4,370             | -               | 4,370             | 17,626            | 21,616            | 39,242              |
| 4,371             | -               | 4,371             | 18,180            | 21,063            | 39,243              |
| 4,370             | -               | 4,370             | 18,696            | 20,546            | 39,242              |
| 4,370             | -               | 4,370             | 19,351            | 19,891            | 39,242              |
| 4,371             | -               | 4,371             | 19,977            | 19,266            | 39,243              |
| 4,370             | -               | 4,370             | 20,626            | 18,616            | 39,242              |
| 4,370             | -               | 4,370             | 21,253            | 17,989            | 39,242              |
| 4,371             | -               | 4,371             | 22,008            | 17,235            | 39,243              |
| 4,370             | -               | 4,370             | 22,742            | 16,500            | 39,242              |
| 4,370             | -               | 4,370             | 23,508            | 15,734            | 39,242              |
| 4,371             | -               | 4,371             | 24,264            | 14,979            | 39,243              |
| 4,370             | -               | 4,370             | 25,134            | 14,108            | 39,242              |
| 4,370             | -               | 4,370             | 26,000            | 13,242            | 39,242              |
| 4,371             | -               | 4,371             | 26,902            | 12,341            | 39,243              |
| 4,370             | -               | 4,370             | 27,808            | 11,434            | 39,242              |
| 4,371             | -               | 4,371             | 28,818            | 10,425            | 39,243              |
| 4,371             | -               | 4,371             | 29,837            | 9,406             | 39,243              |
| 2,186             | -               | 2,186             | 28,713            | 8,345             | 37,058              |
| -                 | -               | -                 | 27,612            | 7,260             | 34,872              |
| -                 | -               | -                 | 28,783            | 6,089             | 34,872              |
| -                 | -               | -                 | 29,983            | 4,889             | 34,872              |
| -                 | -               | -                 | 31,232            | 3,640             | 34,872              |
| -                 | -               | -                 | 32,527            | 2,345             | 34,872              |
| -                 | -               | -                 | 32,272            | 1,726             | 33,998              |
| <u>\$ 107,075</u> | <u>\$ -</u>     | <u>\$ 107,075</u> | <u>\$ 713,070</u> | <u>\$ 474,163</u> | <u>\$ 1,187,233</u> |