

**LOUVIERS WATER AND SANITATION
DISTRICT**

Douglas County, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages III - VII 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 on pages 14-22 are presented for purposes of additional analysis and are 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 cursive script that reads "Gurn + Associates LLC". The signature is written in black ink and is positioned above the date and location text.

July 10, 2018
Brighton, Colorado

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2017 and 2016**

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, 2017 and 2016. 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

2017

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 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

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2017 and 2016**

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.

2016

As noted in the table below, the District's assets exceed liabilities in 2016 by \$1,848,879. Total assets, liabilities and deferred inflows of resources were \$2,647,316, \$761,501 and \$36,936, respectively. Current assets increased due primarily to positive operating results from operations. Capital assets decreased due to 2016 depreciation expense. Current liabilities increased due to the high expenditures at the end of 2016 when compared to the end of 2015. 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.

Condensed Statement of Net Position					
	2015	\$ Change	2016	\$ Change	2017
Current assets	\$ 294,716	\$ 78,891	\$ 373,607	\$ 96,254	\$ 469,861
Capital assets	2,404,868	(131,159)	2,273,709	(122,397)	2,151,312
Total Assets	2,699,584	(52,268)	2,647,316	(26,143)	2,621,173
Current liabilities	22,417	4,398	26,815	(1,726)	25,089
Long-term liabilities	748,573	(13,887)	734,686	(14,299)	720,387
Total Liabilities	770,990	(9,489)	761,501	(16,025)	745,476
Deferred property tax revenue	33,009	3,927	36,936	10,186	47,122
Total deferred inflows of resources	33,009	3,927	36,936	10,186	47,122
Investment in capital assets	1,644,020	(117,658)	1,526,362	(108,229)	1,418,133
Restricted for:					
Debt service	24,435	3,504	27,939	5,367	33,306
Operations and maintenance reserve	19,944	2,818	22,762	311	23,073
Emergencies	700	660	1,360	(765)	595
Unrestricted	206,486	63,970	270,456	83,012	353,468
Total Net Position	\$ 1,895,585	\$ (46,706)	\$ 1,848,879	\$ (20,304)	\$ 1,828,575

Changes in Net Position

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.

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2017 and 2016**

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.

2016

As noted in the table below, the District's net position decreased by \$46,706. Operating revenue increased by \$8,929, due primarily to higher water usage during 2016 when compared to 2015, since there was no increase in rates during 2016. Nonoperating revenue increased due to the District receiving a Small Communities Grant for \$17,054. Overall operating expenses were \$42,235 higher than 2015 due primarily to expending \$22,488 for a wastewater preliminary needs assessment and loan pre-qualification. This was partially funding by the Small Communities Grant. Additionally during 2016, the District experienced several water main breaks resulting in \$29,736 of repair costs.

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

	<u>2015</u>	<u>\$ Change</u>	<u>2016</u>	<u>\$ Change</u>	<u>2017</u>
Operating revenue	\$ 195,397	\$ 8,929	\$ 204,326	\$ 6,761	\$ 211,087
Nonoperating revenue	33,242	25,262	58,504	(11,823)	46,681
Total revenues	<u>228,639</u>	<u>34,191</u>	<u>262,830</u>	<u>(5,062)</u>	<u>257,768</u>
Operating expenses	240,850	42,235	283,085	(21,326)	261,759
Nonoperating expenses	26,700	(249)	26,451	(338)	26,113
Total expenses	<u>267,550</u>	<u>41,986</u>	<u>309,536</u>	<u>(21,664)</u>	<u>287,872</u>
Income before capital contributions	<u>(38,911)</u>	<u>(7,795)</u>	<u>(46,706)</u>	<u>16,602</u>	<u>(30,104)</u>
Capital contributions	-	-	-	9,800	9,800
Change in net position	(38,911)	(7,795)	(46,706)	26,402	(20,304)
Net Position - Beginning of Year	<u>1,934,496</u>	<u>(38,911)</u>	<u>1,895,585</u>	<u>(46,706)</u>	<u>1,848,879</u>
Net Position - End of Year	<u>\$ 1,895,585</u>	<u>\$ (46,706)</u>	<u>\$ 1,848,879</u>	<u>\$ (20,304)</u>	<u>\$ 1,828,575</u>

BUDGETARY HIGHLIGHTS

The District's budget was not amended for the year ended December 31, 2017. For 2017, actual revenues were \$9,634 more than budgeted primarily due to the District receiving a \$9,800 of tap fees which had not been anticipated when the 2017 budget was initially adopted. Expenditures were under budget by \$22,529. Water main breaks and sewer main were under budget by \$7,593 and \$10,300, respectively. However, during 2017 the District replaced an existing fire hydrant for \$9,025 and repaired several other fire hydrants for a cost of \$6,138, neither of which had been anticipated when adopting the 2017 budget. Additionally, the budget item for contingent expenditures was \$20,000 under budget.

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2017 and 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

	Capital Assets Summary				
	2015	\$ Change	2016	\$ Change	2017
Land	\$ 75,303	\$ -	\$ 75,303	\$ -	\$ 75,303
Total capital assets, not being depreciated	75,303	-	75,303	-	75,303
Water system and facilities, net	1,634,357	(110,469)	1,523,888	(101,708)	1,422,180
Wastewater system and facilities, net	695,208	(20,690)	674,518	(20,689)	653,829
Total capital assets being depreciated, net	2,329,565	(131,159)	2,198,406	(122,397)	2,076,009
Total capital assets, net	\$ 2,404,868	\$ (131,159)	\$ 2,273,709	\$ (122,397)	\$ 2,151,312

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.

2016

During 2016, there were no capital asset additions or disposals. Overall, capital assets decreased due to the depreciation expense on the District's capital assets.

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:

	Long-term Debt Summary				
	2015	Retirements	2016	Retirements	2017
General obligation bond, Series 2009	\$ 632,835	\$ (8,846)	\$ 623,989	\$ (9,513)	\$ 614,476
CWRPDA Loan	128,013	(4,655)	123,358	(4,655)	118,703
Total long-term debt	\$ 760,848	\$ (13,501)	\$ 747,347	\$ (14,168)	\$ 733,179

2017

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

**LOUVIERS WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2017 and 2016**

2016

During 2016, 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 2018, the District continued to levy property tax of 10.000 mills on the properties within the District's boundaries for operations, however the District increased the amount levied for debt service from 8.795 to 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 increased to \$2,266,040 for the 2018 levied taxes, a 15.3% increase from 2017. The increase in mill levy and assessed valuation resulted in \$10,186 more taxes levied for 2018 than was levied and collected for 2017. For 2018, the District increased the sewer rates by 3%, and reallocated \$22.51 of the water operations and improvement fee to sewer operations and improvements. The total bi-monthly charge increased from \$253.00 to \$256.52. The District's 2018 budget also anticipates incurring \$200,000 of expenditures related to sewer system improvements, which are anticipated to be funded from grant revenues. The 2018 budget anticipates total revenue of \$470,742 and total expenditures of \$406,846. The ending funds available is expected to end the year at \$466,348.

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, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - Unrestricted	\$ 337,000	\$ 263,675
Cash and cash equivalents - Restricted	31,441	27,939
Due from county treasurer	271	256
Accounts receivable:		
Customers	46,768	42,707
Small Communities Grant	-	2,094
Property taxes receivable	47,122	36,936
Prepaid expenses	7,259	-
Total current assets	469,861	373,607
CAPITAL ASSETS		
Capital assets, not being depreciated	75,303	75,303
Capital assets, being depreciated	2,643,206	2,634,181
	2,718,509	2,709,484
Less accumulated depreciation and amortization	(567,197)	(435,775)
Total capital assets	2,151,312	2,273,709
TOTAL ASSETS	\$ 2,621,173	\$ 2,647,316
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts and retainage payable	\$ 6,430	\$ 8,488
Deposits	589	589
Accrued interest payable	5,278	5,077
Current portion of long-term debt	12,792	12,661
Total current liabilities	25,089	26,815
LONG-TERM LIABILITIES		
Long-term portion of long-term debt	720,387	734,686
Total long-term liabilities	720,387	734,686
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	47,122	36,936
Total deferred inflows of resources	47,122	36,936
NET POSITION		
Net investment in capital assets	1,418,133	1,526,362
Restricted for:		
Debt service	33,306	27,939
Operation and maintenance reserve	23,073	22,762
Emergencies	595	1,360
Unrestricted	353,468	270,456
Total net position	1,828,575	1,848,879
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 2,621,173	\$ 2,647,316

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, 2017 and 2016**

	2017	2016
OPERATING REVENUE		
Water service charges	\$ 131,226	\$ 127,893
Sewer service charges	76,598	74,393
Late fees and other charges	3,263	2,040
Total operating revenue	211,087	204,326
OPERATING EXPENSES		
Water and sewer operations	89,775	88,468
Administration expense	40,562	63,458
Depreciation	131,422	131,159
Total operating expenses	261,759	283,085
OPERATING LOSS	(50,672)	(78,759)
NONOPERATING REVENUE (EXPENSE)		
Property taxes	36,936	33,009
Specific ownership taxes	4,045	3,036
Cell tower lease income	5,184	5,184
Net investment income	240	221
Small Communities Grant	276	17,054
County treasurer fees	(554)	(496)
Interest expense	(25,559)	(25,955)
Total nonoperating revenue (expense)	20,568	32,053
LOSS BEFORE CAPITAL CONTRIBUTIONS	(30,104)	(46,706)
CAPITAL CONTRIBUTIONS		
Tap fees	9,800	-
Total capital contributions	9,800	-
CHANGE IN NET POSITION	(20,304)	(46,706)
NET POSITION - BEGINNING OF YEAR	1,848,879	1,895,585
NET POSITION - END OF YEAR	\$ 1,828,575	\$ 1,848,879

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, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 207,026	\$ 203,172
Payments to vendors	(139,654)	(148,431)
Net cash provided by operating activities	67,372	54,741
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cell tower lease income received	5,184	5,184
Property taxes	36,382	32,513
Specific ownership taxes	4,030	3,006
Grants received	2,370	14,960
Net cash provided by capital financing activities	47,966	55,663
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	(9,025)	-
Interest paid	(25,358)	(26,027)
Loan and bond principal paid	(14,168)	(13,501)
Tap fees received	9,800	-
Loan proceeds received	-	2,450
Grants received	-	17,550
Net cash required by capital financing activities	(38,751)	(19,528)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	240	221
Net cash provided by investing activities	240	221
NET INCREASE IN CASH AND CASH EQUIVALENTS	76,827	91,097
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	291,614	200,517
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 368,441	\$ 291,614
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net income (loss) from operations	\$ (50,672)	\$ (78,759)
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	131,422	131,159
Effects of changes in operating assets and liabilities:		
Accounts receivable	(4,061)	(1,743)
Prepaid expenses	(7,259)	-
Accounts payable	(2,058)	3,495
Deposits	-	589
Net cash provided by operating activities	\$ 67,372	\$ 54,741

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, 2017 and 2016**

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, 2017 and 2016

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

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016

remaining useful lives of the related capital assets, as applicable. Depreciation and 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, 2017, the District had cash deposits with a bank balance of \$365,785 and a carrying balance of \$368,441. At December 31, 2016, the District had cash deposits with a bank balance of \$272,076 and a carrying balance of \$291,614.

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016**

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

As of and for the years ending December 31, 2017 and 2016, the District held no investments.

Cash Deposits are reflected in the Statement of Net Position at December 31, 2017 and 2016 as follows:

	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents - Unrestricted	\$ 337,000	\$ 263,675
Cash and Cash Equivalents - Restricted	31,441	27,939
	<u>\$ 368,441</u>	<u>\$ 291,614</u>

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

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LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 4 - CAPITAL ASSETS

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

	Balance at December 31, 2016	Additions	Disposals/ Retirements	Balance at December 31, 2017
Capital assets, not being depreciated:				
Land	\$ 75,303	\$ -	\$ -	\$ 75,303
Total capital assets, not being depreciated	75,303	-	-	75,303
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 depreciated	2,634,181	9,025	-	2,643,206
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	(435,775)	(131,422)	-	(567,197)
Total capital assets being depreciated, net	2,198,406	(122,397)	-	2,076,009
Total capital assets, net	<u>\$ 2,273,709</u>	<u>\$ (122,397)</u>	<u>\$ -</u>	<u>\$ 2,151,312</u>

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

	Balance at December 31, 2015	Additions	Disposals/ Retirements	Balance at December 31, 2016
Capital assets, not being depreciated:				
Land	\$ 75,303	\$ -	\$ -	\$ 75,303
Total capital assets, not being depreciated	75,303	-	-	75,303
Capital assets, being depreciated:				
Water system and facilities	1,804,249	-	-	1,804,249
Wastewater system and facilities	829,932	-	-	829,932
Total capital assets being depreciated	2,634,181	-	-	2,634,181
Less accumulated depreciation for:				
Water system and facilities	(169,892)	(110,469)	-	(280,361)
Wastewater system and facilities	(134,724)	(20,690)	-	(155,414)
Total accumulated depreciation	(304,616)	(131,159)	-	(435,775)
Total capital assets being depreciated, net	2,329,565	(131,159)	-	2,198,406
Total capital assets, net	<u>\$ 2,404,868</u>	<u>\$ (131,159)</u>	<u>\$ -</u>	<u>\$ 2,273,709</u>

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016**

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, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
General Obligation Bond, 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>

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2016:

	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
General Obligation Bond, Series 2009	\$ 632,835	\$ -	\$ 8,846	\$ 623,989	\$ 8,006
CWRPDA Loan	128,013	-	4,655	123,358	4,655
	<u>\$ 760,848</u>	<u>\$ -</u>	<u>\$ 13,501</u>	<u>\$ 747,347</u>	<u>\$ 12,661</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 2017 and 2016 the District paid interest on this bond in the amount of \$25,358 and \$26,027, 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 of \$2,327.50 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

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016**

new well 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:

Years Ending December 31,	Principal	Interest	Total
2018	\$ 12,792	\$ 26,735	\$ 39,527
2019	14,620	24,907	39,527
2020	14,967	24,560	39,527
2021	15,465	24,062	39,527
2022	15,916	23,611	39,527
2023-2027	86,950	110,685	197,635
2028-2032	101,324	96,311	197,635
2033-2037	119,077	78,558	197,635
2038-2042	140,782	56,853	197,635
2043-2047	146,460	30,228	176,688
2048-2049	64,826	4,044	68,870
	<u>\$ 733,179</u>	<u>\$ 500,554</u>	<u>\$ 1,233,733</u>

As of December 31, 2017 and 2016 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, 2017 and 2016**

As of December 31, 2017 and 2016 the District had invested in capital assets of \$1,418,133 and \$1,526,362, 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, 2017 and 2016 restricted for the following purposes:

	2017	2016
Restricted for:		
Debt service (Note 5)	\$ 33,306	\$ 27,939
Operation and maintenance reserve (Note 5)	23,073	22,762
Emergencies (Note 9)	595	1,360
	\$ 56,974	\$ 52,061

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 maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 8 – RELATED PARTY TRANSACTIONS

During 2016, the District contracted for the operation of the District’s water and sewer systems. The company providing the services was owned and operated by a member of the District’s board of directors, who resigned from the board of directors effective May 10, 2016. During 2016, until May 10, 2016, the District incurred costs of \$4,800 under the contract.

NOTE 9 - 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 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

**LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016**

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?

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 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.

LOUVIERS WATER AND SANITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 10 – CONTINGENCY

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.

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, 2017

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Water service charges	\$ 133,346	\$ 131,226	\$ (2,120)
Sewer service charges	76,645	76,598	(47)
Late fees and other charges	2,200	3,263	1,063
Property taxes	36,936	36,936	-
Specific ownership taxes	3,368	4,045	677
Cell tower lease	5,184	5,184	-
Net investment income	255	240	(15)
Tap fees	-	9,800	9,800
Small Communities Grant	-	276	276
Total Revenues	257,934	267,568	9,634
EXPENDITURES			
Administration:			
Accounting and bookkeeping	11,600	11,150	450
Audit	4,500	4,450	50
Directors fees and taxes	6,200	5,920	280
Bank charges	180	218	(38)
Computer software/support	1,050	1,110	(60)
Consultants	3,000	3,544	(544)
Insurance	5,800	4,133	1,667
Legal fees	3,000	900	2,100
Miscellaneous	200	249	(49)
Office supplies/expenditures	1,300	1,294	6
Postage	505	596	(91)
Memberships, dues and subscriptions	1,900	2,579	(679)
Utilities	1,950	1,434	516
County treasurer fees	554	554	-
Wastewater PNA and Iona pre-qualification	-	2,985	(2,985)
Operations:			
Chemicals	3,200	1,787	1,413
Operations	16,600	16,810	(210)
Meter reading	1,800	2,093	(293)
Repairs and maintenance:			
Repairs and maintenance - infrastructure	-	3,134	(3,134)
Fire hydrants	-	6,138	(6,138)
Water valves/meter replacement	1,400	1,483	(83)
Tank evaluation and maintenance	-	1,287	(1,287)
Water main breaks	20,500	12,907	7,593
Sewer main breaks	10,300	-	10,300
Miscellaneous repairs and maintenance	3,500	2,695	805

(continued)

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended December 31, 2017

(continued)

	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
Utility locates	2,300	1,124	1,176
Testing - water and sewer	13,000	12,848	152
Utilities - infrastructure	12,400	12,435	(35)
Water meters	2,500	2,738	(238)
Sewer cleaning	6,000	6,698	(698)
Mowing and weed control	3,500	3,318	182
Permits	700	530	170
Miscellaneous	1,350	1,750	(400)
Capital outlay:			
Water system improvements	-	9,025	(9,025)
Debt service:			
Bond and loan principal	13,834	14,168	(334)
Bond interest	27,549	25,559	1,990
Contingency	20,000	-	20,000
Total expenditures	202,172	179,643	22,529
REVENUES OVER (UNDER) EXPENDITURES	55,762	87,925	32,163
FUNDS AVAILABLE - BEGINNING OF YEAR	303,164	322,517	19,353
FUNDS AVAILABLE - END OF YEAR	\$ 358,926	\$ 410,442	\$ 51,516
Funds available is computed as follows:			
Current assets		\$ 469,861	
Current liabilities		(25,089)	
Deferred inflows of resources		(47,122)	
Current portion of long-term debt		12,792	
		\$ 410,442	

**LOUVIERS WATER AND SANITATION DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2017**

Revenue (budgetary basis)	<u>\$</u>	267,568
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position		<u>267,568</u>
Expenditures (budgetary basis)		179,643
Depreciation		131,422
Capital outlay		(9,025)
Bond and loan principal		<u>(14,168)</u>
Expenses per Statement of Revenues, Expenses and Changes in Fund Net Position		<u>287,872</u>
Change in net position per Statement of Revenues, Expenses and Changes in Fund Net Position	<u>\$</u>	<u>(20,304)</u>

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF NET POSITION - WATER AND SEWER OPERATIONS
December 31, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents - Unrestricted	\$ 269,322	\$ 67,678	\$ 337,000
Cash and cash equivalents - Restricted	-	31,441	31,441
Due from county treasurer	135	136	271
Accounts receivable:			
Customers	29,490	17,278	46,768
Property taxes receivable	23,494	23,628	47,122
Prepaid expenses	3,629	3,630	7,259
Total current assets	<u>326,070</u>	<u>143,791</u>	<u>469,861</u>
CAPITAL ASSETS			
Capital assets, not being depreciated:			
Land	16,438	58,865	75,303
Capital assets, being depreciated:			
System and facilities	1,813,274	829,932	2,643,206
	<u>1,829,712</u>	<u>888,797</u>	<u>2,718,509</u>
Less accumulated depreciation and amortization	(391,094)	(176,103)	(567,197)
Total capital assets	<u>1,438,618</u>	<u>712,694</u>	<u>2,151,312</u>
TOTAL ASSETS	<u>\$ 1,764,688</u>	<u>\$ 856,485</u>	<u>\$ 2,621,173</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 4,056	\$ 2,374	\$ 6,430
Deposits	589	-	589
Accrued interest payable	-	5,278	5,278
Current portion of long-term debt	4,655	8,137	12,792
Total current liabilities	<u>9,300</u>	<u>15,789</u>	<u>25,089</u>
LONG-TERM LIABILITIES			
Long-term portion of long-term debt	114,048	606,339	720,387
Total long-term liabilities	<u>114,048</u>	<u>606,339</u>	<u>720,387</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	23,494	23,628	47,122
Total deferred inflows of resources	<u>23,494</u>	<u>23,628</u>	<u>47,122</u>
NET POSITION			
Net investment in capital assets	1,319,915	98,218	1,418,133
Restricted for:			
Debt service	1,865	31,441	33,306
Operation and maintenance reserve	23,073	-	23,073
Emergencies	359	236	595
Unrestricted	272,634	80,834	353,468
Total net position	<u>1,617,846</u>	<u>210,729</u>	<u>1,828,575</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 1,764,688</u>	<u>\$ 856,485</u>	<u>\$ 2,621,173</u>

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - WATER AND SEWER OPERATIONS
Year Ended December 31, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUE			
Service charges	\$ 131,226	\$ 76,598	\$ 207,824
Late fees and other charges	1,633	1,630	3,263
Total operating revenue	<u>132,859</u>	<u>78,228</u>	<u>211,087</u>
OPERATING EXPENSES			
Operations expense:			
Chemicals	449	1,338	1,787
Operations	8,519	8,291	16,810
Meter reading	2,093	-	2,093
Repairs and maintenance:			
Repairs and maintenance - infrastructure	2,571	563	3,134
Fire hydrants	6,138	-	6,138
Water valves/meter replacement	1,483	-	1,483
Tank evaluation and maintenance	1,287	-	1,287
Water/sewer main breaks	12,907	-	12,907
Miscellaneous repairs and maintenance	296	2,399	2,695
Utility locates	562	562	1,124
Testing - water and sewer	3,276	9,572	12,848
Utilities - infrastructure	11,286	1,149	12,435
Water meters	2,738	-	2,738
Sewer cleaning	-	6,698	6,698
Mowing and weed control	1,719	1,599	3,318
Permits	75	455	530
Miscellaneous	1,750	-	1,750
Administration expense:			
Accounting and bookkeeping	5,653	5,497	11,150
Audit	2,225	2,225	4,450
Directors fees and taxes	2,960	2,960	5,920
Bank charges	131	87	218
Computer software/support	555	555	1,110
Consultants	790	2,754	3,544
Insurance	2,066	2,067	4,133
Legal fees	450	450	900
Miscellaneous	12	237	249
Office supplies/expenses	647	647	1,294
Postage	325	271	596
Memberships, dues and subscriptions	2,377	202	2,579
Utilities	860	574	1,434
Wastewater PNA and loan pre-qualification	-	2,985	2,985
Depreciation	110,733	20,689	131,422
Total operating expenses	<u>186,933</u>	<u>74,826</u>	<u>261,759</u>
OPERATING INCOME (LOSS)	<u>(54,074)</u>	<u>3,402</u>	<u>(50,672)</u>
NONOPERATING REVENUE (EXPENSE)			
Property taxes	18,410	18,526	36,936
Specific ownership taxes	2,016	2,029	4,045
Cell tower lease income	2,592	2,592	5,184
Net investment income	130	110	240
Small Communities Grant	-	276	276
County treasurer fees	(276)	(278)	(554)
Interest expense	-	(25,559)	(25,559)
Total nonoperating revenue (expense)	<u>22,872</u>	<u>(2,304)</u>	<u>20,568</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(31,202)</u>	<u>1,098</u>	<u>(30,104)</u>
CAPITAL CONTRIBUTIONS			
Tap fees	4,900	4,900	9,800
Total capital contributions	<u>4,900</u>	<u>4,900</u>	<u>9,800</u>
CHANGE IN NET POSITION	<u>(26,302)</u>	<u>5,998</u>	<u>(20,304)</u>
NET POSITION - BEGINNING OF YEAR	<u>1,644,148</u>	<u>204,731</u>	<u>1,848,879</u>
NET POSITION - END OF YEAR	<u>\$ 1,617,846</u>	<u>\$ 210,729</u>	<u>\$ 1,828,575</u>

LOUVIERS WATER AND SANITATION DISTRICT
SCHEDULE OF CASH FLOWS - WATER AND SEWER OPERATIONS
Year Ended December 31, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 129,815	\$ 77,211	\$ 207,026
Payments to vendors	<u>(80,390)</u>	<u>(59,264)</u>	<u>(139,654)</u>
Net cash provided by operating activities	<u>49,425</u>	<u>17,947</u>	<u>67,372</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cell tower lease income received	2,592	2,592	5,184
Property taxes	18,134	18,248	36,382
Specific ownership taxes	2,009	2,021	4,030
Grants received	-	2,370	2,370
Net cash provided by capital financing activities	<u>22,735</u>	<u>25,231</u>	<u>47,966</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchases of capital assets	(9,025)	-	(9,025)
Interest paid	-	(25,358)	(25,358)
Loan and bond principal paid	(4,655)	(9,513)	(14,168)
Tap fees received	4,900	4,900	9,800
Net cash required by capital financing activities	<u>(8,780)</u>	<u>(29,971)</u>	<u>(38,751)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	130	110	240
Net cash provided by investing activities	<u>130</u>	<u>110</u>	<u>240</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	63,510	13,317	76,827
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>205,812</u>	<u>85,802</u>	<u>291,614</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 269,322</u>	<u>\$ 99,119</u>	<u>\$ 368,441</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Net income (loss) from operations	\$ (54,074)	\$ 3,402	\$ (50,672)
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	110,733	20,689	131,422
Effects of changes in operating assets and liabilities:			
Accounts receivable	(3,044)	(1,017)	(4,061)
Prepaid expenses	(3,629)	(3,630)	(7,259)
Accounts payable	(561)	(1,497)	(2,058)
Net cash provided by operating activities	<u>\$ 49,425</u>	<u>\$ 17,947</u>	<u>\$ 67,372</u>

**LOUVIERS WATER AND SANITATION DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2017**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected 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%

Estimated for
the year ending
December 31,

2018	\$ 2,266,040	20.795	\$ 47,122
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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, 2017

General Obligation Bond
Series 2009

Principal and 4.125% Interest Due
May 4 and November 4

Year Ending December 31,	Principal	Interest	Total
2018	\$ 8,137	\$ 26,735	\$ 34,872
2019	9,965	24,907	34,872
2020	10,312	24,560	34,872
2021	10,810	24,062	34,872
2022	11,261	23,611	34,872
2023	11,730	23,142	34,872
2024	12,155	22,717	34,872
2025	12,726	22,146	34,872
2026	13,256	21,616	34,872
2027	13,808	21,064	34,872
2028	14,326	20,546	34,872
2029	14,981	19,891	34,872
2030	15,605	19,267	34,872
2031	16,255	18,617	34,872
2032	16,882	17,990	34,872
2033	17,637	17,235	34,872
2034	18,372	16,500	34,872
2035	19,137	15,735	34,872
2036	19,892	14,980	34,872
2037	20,764	14,108	34,872
2038	21,629	13,243	34,872
2039	22,530	12,342	34,872
2040	23,437	11,435	34,872
2041	24,446	10,426	34,872
2042	25,465	9,407	34,872
2043	26,526	8,346	34,872
2044	27,611	7,261	34,872
2045	28,782	6,090	34,872
2046	29,982	4,890	34,872
2047	31,231	3,641	34,872
2048	32,526	2,346	34,872
2049	32,300	1,698	33,998
	<u>\$ 614,476</u>	<u>\$ 500,554</u>	<u>\$ 1,115,030</u>

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

			Total		
Principal	Interest	Total	Principal	Interest	Total
\$ 4,655	\$ -	\$ 4,655	\$ 12,792	\$ 26,735	\$ 39,527
4,655	-	4,655	14,620	24,907	39,527
4,655	-	4,655	14,967	24,560	39,527
4,655	-	4,655	15,465	24,062	39,527
4,655	-	4,655	15,916	23,611	39,527
4,655	-	4,655	16,385	23,142	39,527
4,655	-	4,655	16,810	22,717	39,527
4,655	-	4,655	17,381	22,146	39,527
4,655	-	4,655	17,911	21,616	39,527
4,655	-	4,655	18,463	21,064	39,527
4,655	-	4,655	18,981	20,546	39,527
4,655	-	4,655	19,636	19,891	39,527
4,655	-	4,655	20,260	19,267	39,527
4,655	-	4,655	20,910	18,617	39,527
4,655	-	4,655	21,537	17,990	39,527
4,655	-	4,655	22,292	17,235	39,527
4,655	-	4,655	23,027	16,500	39,527
4,655	-	4,655	23,792	15,735	39,527
4,655	-	4,655	24,547	14,980	39,527
4,655	-	4,655	25,419	14,108	39,527
4,655	-	4,655	26,284	13,243	39,527
4,655	-	4,655	27,185	12,342	39,527
4,655	-	4,655	28,092	11,435	39,527
4,655	-	4,655	29,101	10,426	39,527
4,655	-	4,655	30,120	9,407	39,527
2,328	-	2,328	28,854	8,346	37,200
-	-	-	27,611	7,261	34,872
-	-	-	28,782	6,090	34,872
-	-	-	29,982	4,890	34,872
-	-	-	31,231	3,641	34,872
-	-	-	32,526	2,346	34,872
-	-	-	32,300	1,698	33,998
<u>\$ 118,703</u>	<u>\$ -</u>	<u>\$ 118,703</u>	<u>\$ 733,179</u>	<u>\$ 500,554</u>	<u>\$ 1,233,733</u>