



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

February 26, 2016

To the Board of Directors
Platte Canyon Water and Sanitation District
Arapahoe and Jefferson Counties, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Platte Canyon Water and Sanitation District for the year ended December 31, 2015, and have issued our report thereon dated February 26, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit.

Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in the engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the required supplementary information, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on supplemental information, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on other information, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope and Timing of Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

The audit was performed in February 2016, and we issued our report on February 26, 2016.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. During 2015 the District adopted or amended the following policies:

- The District adopted a deferred merit award policy for its employees. Employees who have been employed by the District for at least five consecutive years and have performed satisfactorily or above, are eligible for an employment merit award upon separation from employment with the District for any reason other than cause. The merit award payout percentage ranges from 2.5% to 45.0% of total compensation, depending upon the years of credited service. As of December 31, 2015, the District had accrued a long-term liability of \$201,588 for deferred merit awards.
- The District amended its sick leave policy for employees, increasing the monthly accrual of sick leave from four (4) to six (6) hours. The policy was also amended to increase the allowed carryover at yearend from 20 days to 60 days. Additionally, a section was added that allows employees to donate sick leave to another employee up to certain limits. These changes increased the sick leave balance carryover at December 31, 2015 by approximately \$15,000.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There were no accounting estimates that are considered

particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no financial statement disclosures that are particularly sensitive because of their significance to financial statement users. The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that there were no such disagreements during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 26, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on other information, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SCHILLING & COMPANY, INC.

Platte Canyon Water and Sanitation District
Uncorrected Misstatements Listing
December 31, 2015

	<u>Debit</u>	<u>Credit</u>
Construction in Progress	\$17,796.00	\$ -
Accounts Payable	\$ -	\$17,796.00
	<u>\$17,796.00</u>	<u>\$17,796.00</u>

To record additional accounts payable at 12/31/2015.

PLATTE CANYON WATER AND SANITATION DISTRICT
Arapahoe and Jefferson Counties, Colorado

FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	I
MANAGEMENT'S DISCUSSION AND ANALYSIS.	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	8
Statement of Activities.....	9
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheets	10
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	12
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual:	
Special Revenue Fund - Subdistrict No. 1	13
Special Revenue Fund - Subdistrict No. 2	14
Proprietary Fund Financial Statements	
Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Fund Net Position.....	16
Statement of Cash Flows	17
Notes to Financial Statements.....	19
SUPPLEMENTARY INFORMATION	
Schedule of Operating Expenses - Enterprise Fund	34
Schedule of Revenues, Expenditures and Changes in Funds Available – Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Fund	35
Reconciliation of Actual (Non-GAAP Budgetary Basis) to Statement of Revenues, Expenses and Changes in Net Position - Enterprise Fund.....	36
OTHER INFORMATION	
Schedule of Debt Service Requirements to Maturity- Governmental Activities Long-Term Obligations	37



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

Independent Auditor's Report

Board of Directors
Platte Canyon Water and Sanitation District
Arapahoe and Jefferson Counties, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Platte Canyon Water and Sanitation District (District) as of and for the year ended December 31, 2015, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Platte Canyon Water and Sanitation District, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 7 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 District's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

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

Prior-Year Comparative Information

We have previously audited the District's 2014 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund in our report dated March 19, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended

December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
February 26, 2016

**PLATTE CANYON WATER AND SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

This discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District remains in strong financial position with assets exceeding liabilities and deferred inflows of resources at the close of 2015 by \$19,632,243. Of this amount, \$10,233,386 or 52.1% is unrestricted and may be used to meet the District's ongoing obligations to citizens.
- Total net position decreased \$11,979 or .06%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Platte Canyon Water and Sanitation District's basic financial statements. The District's basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information and other information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Platte Canyon Water and Sanitation District's finances, in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, deferred inflows of resources and net *position*. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information which reflects how the District's net position changed during the past year. All changes in the 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. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through taxes and contract services (*Business-type Activities*). The Governmental Activities of the District include the financing and construction of certain water and sewer system improvements of the blended component units. The Business-type Activities of the District include the effective and economical operation of water and sewer systems.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state law and bond covenants. All of the District funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures, and changes in funds balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two individual governmental funds, both of which are considered major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures, and changes in fund balances.

Proprietary Funds – When the District charges entities for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund (a component of proprietary funds) is the same as the business-type activities reported in the government-wide statements, but provides more detail and additional information, such as a cash flow statement.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$19,632,243 at the close of 2015.

Net position

Combined Net Position of the Platte Canyon Water and Sanitation District at December 31, 2015 and 2014 were:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current assets and other assets	\$ 94,819	\$ 90,763	\$ 12,720,979	\$ 12,399,063	\$ 12,815,798	\$ 12,489,826
Capital assets	-	-	9,282,609	9,200,105	9,282,609	9,200,105
Total assets	94,819	90,763	22,003,588	21,599,168	22,098,407	21,689,931
Long-term obligations	519,056	556,877	235,923	13,455	754,979	570,332
Other liabilities	41,292	40,060	124,293	121,817	165,585	161,877
Total liabilities	560,348	596,937	360,216	135,272	920,564	732,209
Deferred property tax revenue	57,600	57,500	1,488,000	1,256,000	1,545,600	1,313,500
Total deferred inflows of resources	57,600	57,500	1,488,000	1,256,000	1,545,600	1,313,500
Net Position:						
Net investment in capital assets	-	-	9,282,609	9,200,105	9,282,609	9,200,105
Restricted	33,748	29,689	82,500	82,700	116,248	112,389
Unrestricted	(556,877)	(593,363)	10,790,263	10,925,091	10,233,386	10,331,728
Total net position	\$ (523,129)	\$ (563,674)	\$ 20,155,372	\$ 20,207,896	\$ 19,632,243	\$ 19,644,222

A significant portion (47.3%) of the District's net position reflects its net investment in capital assets (e.g. land, water and sewer systems, equipment, etc.). The District uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Unrestricted net position may be used to meet the District's ongoing obligations to maintain the water and sewer systems within the jurisdictional boundaries. Unrestricted net position makes up 52.1% of total net position.

Platte Canyon Water and Sanitation District Subdistrict No. 1 (Subdistrict No.1) and Platte Canyon Water and Sanitation District Subdistrict No. 2 (Subdistrict No. 2) financed the construction of water distribution system improvements which were conveyed to the District when completed. The related outstanding debt will be repaid with tax levies on property located within each Subdistrict. Negative net position will be reported for the Governmental Activities until the long-term debt obligation is satisfied. The District is not obligated to repay the debt in any way. Additional information regarding the Subdistricts may be found in Note 1 (Blended Component Units) of this report.

Changes in Net position

The District's program and general revenue of \$2,926,981 is less than program expenses of \$2,938,960 by \$11,979. This decrease is less favorable than the increase in net position in 2014 of \$85,267 primarily due to the increase in contract services.

The table below shows the summarized revenue and expenses for 2015 and 2014.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Program revenue:						
Charges for services	\$ -	\$ -	\$ 1,262,352	\$ 1,256,507	\$ 1,262,352	\$ 1,256,507
Capital contributions	-	-	124,800	8,800	124,800	8,800
General revenue:						
Property taxes	57,549	57,610	1,254,253	1,260,621	1,311,802	1,318,231
Specific ownership tax	4,723	4,393	101,916	89,654	106,639	94,047
Net investment income	158	100	121,230	139,020	121,388	139,120
Miscellaneous	-	-	-	22,971	-	22,971
Total revenue	62,430	62,103	2,864,551	2,777,573	2,926,981	2,839,676
Program expenses:						
General government	863	866	-	-	863	866
Interest on long-term debt	21,022	22,198	-	-	21,022	22,198
Water operations	-	-	958,832	925,706	958,832	925,706
Sewer operations	-	-	645,002	634,265	645,002	634,265
Contract services	-	-	1,313,241	1,171,374	1,313,241	1,171,374
Total program expenses	21,885	23,064	2,917,075	2,731,345	2,938,960	2,754,409
Increase (decrease) in net position	40,545	39,039	(52,524)	46,228	(11,979)	85,267
Net Position-Beginning of Year	(563,674)	(602,713)	20,207,896	20,161,668	19,644,222	19,558,955
Net Position-End of Year	\$ (523,129)	\$ (563,674)	\$ 20,155,372	\$ 20,207,896	\$ 19,632,243	\$ 19,644,222

Governmental Activities

Property taxes were levied to satisfy the required annual debt payments on long-term obligations (see Note 5).

Business-type Activities

Business-type activities reflect a decrease in Net Position of \$52,524 in 2015 compared to a \$46,228 increase in 2014.

- Total revenue increased by \$86,978 or 3.1%. The increase in capital contributions of \$116,000 is due to the contribution of a sewer main by a developer in the amount of \$115,000 during 2015. During 2014, the District recognized a gain on asset disposal in the amount of \$22,971 reported as miscellaneous revenue. There were no assets sold during 2015.

- Total program expenses increased by \$185,730 or 6.8%. This increase is primarily due to the District Board adopting a deferred merit award policy in order to retain existing employees and attract highly skilled and competent employees in the future. Additionally, the Board extended the sick leave accrual policy which was limited to 20 days to a maximum accrual of 60 days. The implementation of these policy changes during 2015 resulted in a significant increase in accrued liability and salary expense which is allocated to program expenses based on direct labor hours.

THE DISTRICT'S FUNDS

As noted earlier, Platte Canyon Water and Sanitation District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Governmental Funds are accounted for using the modified accrual basis of accounting. As the District completed the year, its Governmental Funds reported a combined fund balance of \$37,219. This amount is comprised of accumulated net property taxes and specific ownership taxes and is restricted for the payment of the outstanding loans.

The budgets for the special revenue funds are prepared on a basis consistent with generally accepted accounting principles (GAAP).

Proprietary Fund

Unrestricted net position for the District's enterprise fund at the end of 2015 amounted to \$10,790,263 compared to \$10,925,091 in 2014.

BUDGETARY HIGHLIGHTS

The District prepares its Enterprise Fund budget on a non-GAAP budgetary basis of accounting to recognize the fiscal impact of sale of assets, capital outlay, in addition to operations and nonoperating revenues and contributions. Capital contributions of facilities and depreciation are not reflected on the budget as they do not affect "funds available". This budgetary accounting is required by state statutes.

The District's actual revenues exceeded budgeted revenues by \$241,946. Actual contract services revenue exceeded budgeted revenue by \$173,347 due to higher personnel and overhead expenses being allocated and charged to Districts under contract. A fair value mark up of investments at December 31, 2015 in the amount of \$18,649 combined with the actual average yield on investments being .25 basis points higher than the amount budgeted contributed to the positive budget variance of \$42,304 for net investment income. It is the District policy to hold all investments to maturity, therefore, any fair market value adjustment is considered unrealized.

Total budgeted expenditures exceeded total actual expenditures by \$832,914. In addition to budgeting for emergency reserve, the District budgets an additional 15% of the projected water and sewer capital expenses to cover unanticipated increases in construction costs. This amount was budgeted at \$198,948. The positive budget variance of \$600,112 relates to the rehabilitation of the Columbine West Pump station. This rehabilitation project will be continued in 2016.

A negative budget variance for operations and administration resulted in the amount of \$134,592. Actual expenditures for water operations and maintenance were \$101,342 more than the amount budgeted. This difference is due to significant emergency water main break repairs required during 2015. The District had budgeted \$50,000 for such repairs, but the actual cost incurred amounted to approximately \$145,000. Personnel wages were more than the amount budgeted by \$191,257. This variance is due to the implementation of a merit award and change in the sick leave policy during 2015. The accrual of these benefits at December 31, 2015 resulted in an expenditure increasing wages by approximately \$215,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The table below provides a summary of total capital assets, net of depreciation where applicable at December 31, 2015 and 2014.

	Business-Type Activities	
	2015	2014
Land	\$ 5,000	\$ 5,000
Construction in progress	24,888	-
Total non-depreciable assets	<u>29,888</u>	<u>5,000</u>
Water distribution system	5,172,471	5,443,095
Sewage collection system	3,241,336	3,145,406
Maintenance equipment	718,835	463,306
Office equipment	120,079	143,298
Total depreciable assets	<u>9,252,721</u>	<u>9,195,105</u>
Total capital assets	<u>\$ 9,282,609</u>	<u>\$ 9,200,105</u>

The District completed one major capital project lining 3,383 feet of sewer collection system mains amounting to \$135,225. Additionally, the District purchased a new combination sewer cleaner/vacuum unit in the amount of \$335,082 to replace a 2002 model. Total depreciation expense for 2015 amounted to \$579,738.

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

Debt

Subdistrict No. 1 and Subdistrict No. 2 have loans outstanding at December 31, 2015. During 2015, principal and interest payments on the loans were made as required. Detail of the long-term debt obligations are presented in Note 5.

Economic Factors and Next Year's Budget

- Property and specific ownership taxes for general operating purposes were budgeted in the amount of \$1,588,661, which represents 55.8% of total District budgeted revenue.
- Revenue from contract services is expected to be \$1,157,370.
- The average yield on investments is projected to be .75% resulting in investment income of approximately \$77,824.
- The budget for operating expenditures and capital expenditures is \$2,410,121 and \$1,347,999, respectively.
- Total expenditures for 2016 are projected to exceed revenue by \$910,183 which will be funded by the District's current funds available.
- The Subdistrict No. 1 levied a property tax assessment in the amount of \$28,692, which is budgeted to satisfy its annual debt requirements.
- The Subdistrict No. 2 levied a property tax assessment in the amount of \$29,088, which is budgeted to satisfy its annual debt requirements.

Requests for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Financial Administrator, Platte Canyon Water and Sanitation District, 8739 W. Coal Mine Ave., Littleton, Colorado 80123.

BASIC FINANCIAL STATEMENTS

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2015

(with comparative totals for December 31, 2014)

	Governmental	Business-type	Total	
	Activities	Activities	2015	2014
ASSETS				
Cash and cash equivalents	\$ 36,809	\$ 2,794,585	\$ 2,831,394	\$ 2,515,914
Investments	-	7,848,366	7,848,366	8,078,914
Receivable from County Treasurers	410	8,123	8,533	9,575
Accounts receivable	-	130,559	130,559	99,713
Accrued interest receivable	-	8,686	8,686	11,283
Property taxes receivable	57,600	1,488,000	1,545,600	1,313,500
Prepaid expenses	-	61,568	61,568	64,375
Prepaid lease, current portion	-	15,460	15,460	15,460
Prepaid lease, long-term portion	-	365,632	365,632	381,092
Land	-	5,000	5,000	5,000
Construction in progress	-	24,888	24,888	-
Capital assets, (net of accumulated depreciation):				
Water distribution system	-	5,172,471	5,172,471	5,443,095
Sewage collection system	-	3,241,336	3,241,336	3,145,406
Maintenance equipment	-	718,835	718,835	463,306
Office equipment	-	120,079	120,079	143,298
Total assets	94,819	22,003,588	22,098,407	21,689,931
LIABILITIES				
Accounts and retainage payable	-	31,959	31,959	29,416
Accrued salaries and benefits	-	63,044	63,044	57,073
Accrued interest payable	3,471	-	3,471	3,574
Deposits from developers	-	1,496	1,496	-
Long-term obligations, due within one year	37,821	27,794	65,615	71,814
Long-term obligations, due in more than one year	519,056	235,923	754,979	570,332
Total liabilities	560,348	360,216	920,564	732,209
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	57,600	1,488,000	1,545,600	1,313,500
Total deferred inflows of resources	57,600	1,488,000	1,545,600	1,313,500
NET POSITION				
Net investment in capital assets	-	9,282,609	9,282,609	9,200,105
Restricted for debt service	33,748	-	33,748	29,689
Restricted for Emergencies	-	82,500	82,500	82,700
Unrestricted	(556,877)	10,790,263	10,233,386	10,331,728
TOTAL NET POSITION	\$ (523,129)	\$ 20,155,372	\$ 19,632,243	\$ 19,644,222

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

(with comparative totals for December 31, 2014)

	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
		Charges For Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
					2015	2014	
FUNCTIONS/PROGRAMS							
Governmental Activities							
General government	\$ 863	\$ -	\$ -	\$ (863)	\$ -	\$ (863)	\$ (866)
Interest on long term obligations	21,022	-	-	(21,022)	-	(21,022)	(22,198)
Total Governmental Activities	21,885	-	-	(21,885)	-	(21,885)	(23,064)
Business-type Activities							
Water operations	958,832	-	5,800	-	(953,032)	(953,032)	(919,906)
Sewer operations	645,002	-	119,000	-	(526,002)	(526,002)	(631,265)
Contract services	1,313,241	1,262,352	-	-	(50,889)	(50,889)	85,133
Total Business-type Activities	2,917,075	1,262,352	124,800	-	(1,529,923)	(1,529,923)	(1,466,038)
Total Primary Government	\$ 2,938,960	\$ 1,262,352	\$ 124,800	(21,885)	(1,529,923)	(1,551,808)	(1,489,102)
GENERAL REVENUE							
Property tax revenue				57,549	1,254,253	1,311,802	1,318,231
Specific ownership tax				4,723	101,916	106,639	94,047
Net investment income				158	121,230	121,388	139,120
Miscellaneous				-	-	-	22,971
Total General Revenue				62,430	1,477,399	1,539,829	1,574,369
Change in Net Position				40,545	(52,524)	(11,979)	85,267
Net Position - Beginning of year				(563,674)	20,207,896	19,644,222	19,558,955
Net Position - End of year				\$ (523,129)	\$ 20,155,372	\$ 19,632,243	\$ 19,644,222

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

**PLATTE CANYON WATER AND SANITATION DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2015**

	Subdistrict No.1	Subdistrict No.2	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 20,751	\$ 16,058	\$ 36,809
Receivable from County Treasurer	205	205	410
Property taxes receivable	28,600	29,000	57,600
Total assets	\$ 49,556	\$ 45,263	94,819
 DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	\$ 28,600	\$ 29,000	57,600
Total deferred inflows of resources	28,600	29,000	57,600
FUND BALANCES			
Restricted for debt service	20,956	16,263	37,219
Total fund balances	20,956	16,263	37,219
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 49,556	\$ 45,263	
 Amounts reported for governmental activities in the Statement of Net Position are different because:			
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:			
Loans payable			(556,877)
Interest payable			(3,471)
Net Position of Governmental Activities			\$ (523,129)

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	<u>Subdistrict No.1</u>	<u>Subdistrict No.2</u>	<u>Total Governmental Funds</u>
REVENUE			
Property taxes	\$ 28,463	\$ 29,086	\$ 57,549
Specific ownership taxes	2,361	2,362	4,723
Net investment income	74	84	158
Total revenue	<u>30,898</u>	<u>31,532</u>	<u>62,430</u>
EXPENDITURES			
Debt service			
Principal	18,435	18,051	36,486
Interest	10,090	11,035	21,125
Treasurer fees	427	436	863
Total expenditures	<u>28,952</u>	<u>29,522</u>	<u>58,474</u>
NET CHANGE IN FUND BALANCES	1,946	2,010	3,956
FUND BALANCE - BEGINNING OF YEAR	<u>19,010</u>	<u>14,253</u>	<u>33,263</u>
FUND BALANCES - END OF YEAR	<u>\$ 20,956</u>	<u>\$ 16,263</u>	<u>\$ 37,219</u>

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

**PLATTE CANYON WATER AND SANITATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,956

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in accrued interest payable 103

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.

Principal payments on loans 36,486

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 40,545

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - SUBDISTRICT NO. 1
For the Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUE			
Property taxes	\$ 28,526	\$ 28,463	\$ (63)
Specific ownership taxes	1,854	2,361	507
Net investment income	28	74	46
Total revenue	<u>30,408</u>	<u>30,898</u>	<u>490</u>
EXPENDITURES			
Debt service			
Principal	18,436	18,435	1
Interest	10,090	10,090	-
Treasurer fees	430	427	3
Total expenditures	<u>28,956</u>	<u>28,952</u>	<u>4</u>
NET CHANGE IN FUND BALANCE	1,452	1,946	494
FUND BALANCE - BEGINNING OF YEAR	<u>18,679</u>	<u>19,010</u>	<u>331</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 20,131</u></u>	<u><u>\$ 20,956</u></u>	<u><u>\$ 825</u></u>

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - SUBDISTRICT NO. 2
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Property taxes	\$ 29,086	\$ 29,086	\$ -
Specific ownership taxes	1,891	2,362	471
Net investment income	21	84	63
Total revenue	<u>30,998</u>	<u>31,532</u>	<u>534</u>
EXPENDITURES			
Debt service			
Principal	18,051	18,051	-
Interest	11,035	11,035	-
Treasurer fees	438	436	2
Total expenditures	<u>29,524</u>	<u>29,522</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	1,474	2,010	536
FUND BALANCE - BEGINNING OF YEAR	<u>13,927</u>	<u>14,253</u>	<u>326</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,401</u>	<u>\$ 16,263</u>	<u>\$ 862</u>

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUND
December 31, 2015

(with comparative totals for December 31, 2014)

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,794,585	\$ 2,483,065
Investments	7,848,366	8,078,914
Receivable from County Treasurers	8,123	9,161
Accounts receivable	130,559	99,713
Accrued interest receivable	8,686	11,283
Property taxes receivable	1,488,000	1,256,000
Prepaid expenses	61,568	64,375
Current portion of prepaid lease	15,460	15,460
Total Current assets	12,355,347	12,017,971
Non-current assets		
Prepaid lease	365,632	381,092
Land	5,000	5,000
Construction in progress	24,888	-
Capital assets, net of depreciation:		
Water distribution system	5,172,471	5,443,095
Sewage collection system	3,241,336	3,145,406
Maintenance equipment	718,835	463,306
Office equipment	120,079	143,298
Total Noncurrent assets	9,648,241	9,581,197
TOTAL ASSETS	22,003,588	21,599,168
LIABILITIES		
Current liabilities		
Accounts payable	31,959	29,416
Accrued salaries and benefits	63,044	57,073
Deposits from developers	1,496	-
Long-term obligations, current portion	27,794	35,328
Total Current liabilities	124,293	121,817
Non-current liabilities		
Long-term obligations, non-current portion	235,923	13,455
TOTAL LIABILITIES	360,216	135,272
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	1,488,000	1,256,000
TOTAL DEFERRED INFLOWS OF RESOURCES	1,488,000	1,256,000
NET POSITION		
Net investment in capital assets	9,282,609	9,200,105
Restricted for emergencies	82,500	82,700
Unrestricted	10,790,263	10,925,091
TOTAL NET POSITION	\$ 20,155,372	\$ 20,207,896

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
For the Year Ended December 31, 2015

(with comparative totals for December 31, 2014)

	2015	2014
OPERATING REVENUE		
Contract Services	\$ 1,252,447	\$ 1,249,172
Other	9,905	7,335
Total operating revenue	1,262,352	1,256,507
OPERATING EXPENSES		
Water operations	658,815	609,831
Sewer operations	441,851	411,889
Contract services	1,313,241	1,171,374
General and administrative	484,330	519,434
Total operating expenses	2,898,237	2,712,528
(LOSS) FROM OPERATIONS	(1,635,885)	(1,456,021)
NONOPERATING REVENUE (EXPENSES)		
Property taxes	1,254,253	1,260,621
Specific ownership taxes	101,916	89,654
Net investment income	121,230	139,020
Gain on sale of property and equipment	-	22,971
County Treasurer's collection fees	(18,838)	(18,817)
Total nonoperating revenue (expenses)	1,458,561	1,493,449
INCOME BEFORE CAPITAL CONTRIBUTIONS	(177,324)	37,428
CAPITAL CONTRIBUTIONS		
Tap fees	9,800	8,800
Contributed assets	115,000	-
Total capital contributions	124,800	8,800
CHANGE IN NET POSITION	(52,524)	46,228
NET POSITION - BEGINNING OF YEAR	20,207,896	20,161,668
NET POSITION - END OF YEAR	\$ 20,155,372	\$ 20,207,896

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Year Ended December 31, 2015

(with comparative totals for December 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contract services and customers	\$ 1,233,002	\$ 1,245,013
Cash payments to suppliers for goods and services	(625,604)	(683,562)
Cash payments to employees for services	(1,451,180)	(1,446,106)
Cash flows used for operating activities	(843,782)	(884,655)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes - Net	1,236,453	1,240,260
Specific ownership taxes	101,916	89,654
Cash flows provided by noncapital financing activities	1,338,369	1,329,914
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital - Tap fees	9,800	8,800
Acquisition of capital assets	(547,242)	(569,907)
Proceeds from sale of capital assets	-	24,085
Cash flows used for capital and related financing activities	(537,442)	(537,022)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	99,246	83,904
Purchase of investments	(3,194,871)	(2,003,416)
Matured investments	3,450,000	1,105,381
Cash flows provided (used) by investing activities	354,375	(814,131)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	311,520	(905,894)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,483,065	3,388,959
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,794,585	\$ 2,483,065

(Continued)

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

PLATTE CANYON WATER AND SANITATION DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

(with comparative totals for December 31, 2014)

(Continued)

	2015	2014
Reconciliation of (loss) from operations to net cash used for operating activities		
(Loss) from operations	\$ (1,635,885)	\$ (1,456,021)
Adjustments to reconcile (loss) from operations to net cash used for operating activities		
Depreciation and amortization	595,198	577,331
Effects of changes in operating assets and liabilities:		
Receivables	(30,846)	(11,000)
Prepaid expenses	2,807	508
Accounts payable	2,543	(2,071)
Accrued salaries and benefits	5,971	2,810
Compensated absences	214,934	4,282
Deposits from developers	1,496	(494)
Total adjustments	792,103	571,366
Net cash used for operating activities	\$ (843,782)	\$ (884,655)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital assets from developers	\$ 115,000	\$ -

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

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – DEFINITION OF REPORTING ENTITY

The District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson and Arapahoe Counties, Colorado. The District was established to provide water and sanitation services.

The District has maintenance agreements with Southwest Metropolitan Water and Sanitation District and other water and sanitation districts. The contracts provide that the District will perform administration and maintenance services using the District's personnel and equipment, with reimbursement to the District for labor, materials and use of equipment and general and administration expenses (See Note 9).

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.

Blended Component Units

Platte Canyon Water and Sanitation Subdistrict No. 1 (Subdistrict No. 1) was established in 2005 pursuant to the provisions of § 32-1-1101(f) of the Colorado Revised Statutes. The area of the Subdistrict No. 1, located entirely within the District boundaries, is known as the Columbine Townhouses III Subdivision (Subdivision). The Subdistrict No. 1 was formed for the purpose of financing certain public water distribution system improvements needed to serve the Subdivision. The Subdistrict No. 1 will assess a levy against all real property within its boundaries for the payment of principal and interest on the loan. The Subdistrict No. 1 is included as a blended component unit of the District because the District's board members are the same, the District provides substantial support to the Subdistrict No. 1, and the improvements within the Subdistrict No. 1 ultimately benefit the District as a whole. Separate financial statements are not prepared for the Subdistrict No. 1.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – DEFINITION OF REPORTING ENTITY (CONTINUED)

In 2007 the District Board of Directors established the Platte Canyon Water and Sanitation Subdistrict No. 2 (Subdistrict No. 2) pursuant to the provisions of § 32-1-1101(f) of the Colorado Revised Statutes. The area of Subdistrict No. 2, located entirely within the District boundaries, is known as the Colombine Townhouses Four Subdivision (Subdivision). Subdistrict No. 2 was formed for the purpose of financing certain public water distribution system improvements needed to serve the Subdivision. The Subdistrict No. 2 will assess a levy against all real property within its boundaries for the payment of principal and interest on the loan. The Subdistrict No. 2 is included as a blended component unit of the District because the District's board members are the same, the District provides substantial support to Subdistrict No. 2, and the improvements will ultimately benefit the District as a whole. Separate financial statements are not prepared for the Subdistrict No. 2.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or entities who use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among *program revenues* are reported instead as *general revenues*. Internally dedicated resources are reported as *general revenues* rather than as *program revenues*.

Separate financial statements are provided for the governmental funds and the proprietary fund because all are considered major funds.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus and accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus and modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property and specific ownership taxes as well as investment income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

Subdistrict No. 1 Fund and Subdistrict No. 2 Fund – These funds are included as blended component units of the District. The funds are used to account for the financing of certain public water distribution system improvements needed to serve specific subdivisions located in the District. The costs of the improvements are confined to the individual subdivisions by a separate tax levy than that of the District as a whole.

The District reports the following major proprietary fund:

Enterprise Fund – This fund is used to account for the effective and economical operation of water and sewer systems within the jurisdictional boundaries of the District.

Functional expenses for business-type activities in the government-wide and proprietary fund financial statements include allocated indirect overhead expense.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues of the District's enterprise fund consist of charges to other local governments for services provided. Operating expenses for the enterprise fund include cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses or capital contributions.

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

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. A budget is legally adopted for each fund of the District. The budgets for the Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the Proprietary Fund are presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted. Budgeted amounts in the financial statements are as originally adopted, or as amended by the Directors.

Cash Equivalents and Investments

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents. Investments are recorded at fair value.

Receivables

All receivables are recorded at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses

Payments made to vendors for services which will benefit periods after December 31 are recorded as prepaid items.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are normally held in November or December. The County Treasurers remit the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are considered deferred inflows of resources and 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 (the year that it is levied for).

Capital Assets

Capital assets which include property, equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Such assets are recorded at cost except for those assets which have been contributed which are recorded at estimated fair value at the date of contribution or at developer's cost. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of three years. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Distribution and Collection Systems	20 – 40 years
Maintenance and Office Equipment	3 – 10 years

Compensated Absences

The District accrues accumulated unpaid vacation, sick leave and a deferred merit award when earned by the employee. The District has a policy which allows employees to accumulate unused vacation and sick leave up to a certain maximum number of hours. The District compensates employees based on a merit award percentage up to a maximum number of completed years of service. The accumulated vacation, sick leave, and deferred merit award are recorded as an accrued liability and current salary expense when incurred in the proprietary fund financial statements. In the event of termination, an employee is reimbursed for the accumulated hours and compensated for the total number of completed years of service up to the maximum amounts.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Developer Deposits

Developer deposits include funds that have been collected by the District for services to be provided in subsequent periods. At the time the services are provided, the liability is removed from the government-wide and proprietary fund Statements of net position or the governmental fund balance sheet and revenue is recognized.

Fund Balances / Governmental Funds

The District's fund balances fall under the category of "restricted" because the balances are constrained for specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

At December 31, 2015, the District reported restricted fund balance in the Subdistrict No. 1 and Subdistrict No. 2 Special Revenue Funds in the amounts of \$20,956 and \$16,263 respectively, are to be used exclusively for debt service requirements (see Note 5).

Net Position

The District has net position consisting of three components – investment in capital assets, restricted and unrestricted. 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. Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation (see Note 11). Net position in the Government Activities in the amount of \$33,748 is restricted for debt service requirements (see Note 5)

Negative net position will be reported for the Governmental Activities until the long-term debt obligation is satisfied. At December 31, 2015, negative net position in the amount of \$556,877 was reported for the Governmental Activities.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year presentation.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

For comparability, certain 2014 amounts have been reclassified where appropriate to conform with the 2015 financial statements presentation.

NOTE 3 – CASH AND INVESTMENTS

At December 31, 2015 the District had the following cash and investments:

Cash on hand	\$ 150
Deposits	2,543,430
Investments	8,136,180
Total	<u>\$ 10,679,760</u>

Cash deposits and investments are reflected on the December 31, 2015 Statement of Net Position as follows:

Cash and cash equivalents	\$ 2,831,394
Investments	7,848,366
Total	<u>\$ 10,679,760</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires deposits of all units of local government to be made in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as 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 the 102% of the uninsured deposits.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments

The District is required to comply with State statutes and the District’s investment policy which specify instruments meeting defined rating, maturity, and concentration risk criteria in which the District may invest, which include the following. State statute does not address custodial risk.

- . Obligations of the U.S. 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
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market mutual funds
- . Guaranteed investment contracts
- . Local government investment pools

Investments other than local investment pools are carried at fair value as determined by quoted market prices.

At December 31, 2015 the District had the following investments:

Investment	Rating	Maturities (in Years)			Total
		Less than 1	1 - 5	More than 5	
U.S. Government Instrumentalities	AAA/AA+	\$ -	\$ 3,186,283	\$ 1,484,490	\$ 4,670,773
U.S. Treasury Notes	N/A	-	996,880	-	996,880
Local Government Investment Pool	AAAm	2,468,527	-	-	2,468,527
		<u>\$ 2,468,527</u>	<u>\$ 4,183,163</u>	<u>\$ 1,484,490</u>	<u>\$ 8,136,180</u>

Interest Rate Risk – The District’s investment policy limits investment maturities by investment type. Maturities for investments in U.S. Treasuries and U.S. Agencies are limited to a maximum of 10 years.

Credit risk – The District’s investment policy limits investments to U.S. Treasury obligations, U.S. Government Agency and Instrumentality securities, local government investment pools, and certain money market mutual funds approved by the Board of Directors. At the time of purchase, investments must have a credit rating equal to or greater than that specified by state statutes.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk – It is the policy of the District to diversify its investment portfolio to eliminate risk of loss resulting from over concentration of assets in a specific maturity, a specific class, and specific issuer of securities. The District policy includes cash deposits in the total portfolio when determining concentration of investments. The policy provides that the total portfolio of the District may be comprised of 100% U.S. Treasury Notes. However, investment in U.S. Government instrumentalities may not exceed 50% of the District's total portfolio and investment in any one issuer may not exceed 20% of the total portfolio. Investments in local government investment pools as well as money market mutual funds may not exceed 25% of the District's total portfolio. The policy provides for variances in the stated maximum percentage limitations not to exceed 10% at any given time. At December 31, 2015, the District's investment in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association were 12.24%, 18.31% and 26.86%, respectively, of the District's total investments and 9.32%, 13.95% and 20.46%, respectively, of the District's total portfolio.

Local Government Investment pool – The District has investments in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank serves as custodian for the COLOTRUST portfolios pursuant to a custodian agreement. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian acts as safekeeping agent for COLOTRUST investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by each participating government.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – CAPITAL ASSETS

The following is an analysis of changes in the business-type activities capital assets for the year ended December 31, 2015:

<u>By Classification</u>	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2015</u>
Business-type Activites				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Construction in progress	-	24,888	-	24,888
Total non-depreciable assets	<u>5,000</u>	<u>24,888</u>	<u>-</u>	<u>29,888</u>
Water distribution system	12,429,085	-	-	12,429,085
Sewage collection system	9,012,876	250,225	28,308	9,234,793
Maintenance equipment	1,277,513	367,783	231,220	1,414,076
Office equipment	386,964	19,346	24,190	382,120
Total capital assets being depreciated	<u>23,106,438</u>	<u>637,354</u>	<u>283,718</u>	<u>23,460,074</u>
Less Accumulated Depreciation				
Water distribution system	(6,985,990)	(270,624)	-	(7,256,614)
Sewage collection system	(5,867,470)	(154,295)	(28,308)	(5,993,457)
Maintenance equipment	(814,207)	(112,254)	(231,220)	(695,241)
Office equipment	(243,666)	(42,565)	(24,190)	(262,041)
Total Accumulated Depreciation	<u>(13,911,333)</u>	<u>(579,738)</u>	<u>(283,718)</u>	<u>(14,207,353)</u>
Total capital assets being depreciated, net	<u>9,195,105</u>	<u>57,616</u>	<u>-</u>	<u>9,252,721</u>
Net Capital Assets	<u>\$ 9,200,105</u>	<u>\$ 82,504</u>	<u>\$ -</u>	<u>\$ 9,282,609</u>

Depreciation expense for the years ended December 31, 2015 was charged to the following programs:

Business-type Activites:	
Water operations	\$ 298,254
Sewer operations	184,986
Contract services	96,498
	<u>\$ 579,738</u>

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in the governmental activities and business-type activities long-term obligations for the year ended December 31, 2015:

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2015</u>	<u>Due within one year</u>
Government Activities:					
Subdistrict No. 1					
(2006) - \$400,000					
CWRPDA Loan	\$ 273,616	\$ -	\$ 18,435	\$ 255,181	\$ 19,133
Subdistrict No. 2					
(2008) - \$475,000					
CWRPDA Loan	319,747	-	18,051	301,696	18,688
	<u>593,363</u>	<u>\$ -</u>	<u>\$ 36,486</u>	<u>556,877</u>	<u>\$ 37,821</u>
Less current portion	<u>(36,486)</u>			<u>(37,821)</u>	
	<u>\$ 556,877</u>			<u>\$ 519,056</u>	
Business-type Activities:					
Accrual for compensated					
absences					
	\$ 48,783	<u>\$ 299,179</u>	<u>\$ 84,245</u>	\$ 263,717	<u>\$ 27,794</u>
Less current portion	<u>(35,328)</u>			<u>(27,794)</u>	
	<u>\$ 13,455</u>			<u>\$ 235,923</u>	

Accrual for compensated absences (see Note 2) is liquidated from the Enterprise fund.

The detail of the District's governmental activities long-term obligation is as follows:

Colorado Water Resources and Power Development Authority:

\$400,000 Loan, dated June 30, 2006, with interest of 3.75%, due semi-annually through 2026. Loan repayments may be prepaid, in whole or in part, upon prior written notice of not less than ninety (90) days to the Authority. This loan was entered into by the Subdistrict No. 1 for the purpose of financing water system improvements. The District is in no way obligated to repay the loan.

\$475,000 Loan, dated July 15, 2008, with interest of 3.50%, due semi-annually through 2028. Loan repayments may be prepaid, in whole or in part, upon prior written notice of not less than ninety (90) days to the Authority. This loan was entered into by the Subdistrict No. 2 for the purpose of financing water system improvements. The District is in no way obligated to repay the loan.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

The District’s long-term obligations of the governmental activities will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 37,821	\$ 19,789	\$ 57,610
2017	39,205	18,405	57,610
2018	40,640	16,970	57,610
2019	42,127	15,483	57,610
2020	43,669	13,941	57,610
2021-2025	243,523	44,527	288,050
2026-2028	109,892	5,887	115,779
	<u>\$ 556,877</u>	<u>\$ 135,002</u>	<u>\$ 691,879</u>

NOTE 6 – SERVICE CONTRACTS

Water

The District has a distributor’s contract with the Denver Water Board whereby the Denver Water Department provides water in the District’s service area and charges the users directly (“read and bill” type of distributor’s contract). The District owns and maintains the water distribution system.

Sewer

The District has a contract with the City of Littleton whereby the City provides sewage treatment for the District and bills the users directly. The District owns and maintains the sewage collection system.

NOTE 7 – PENSION PLAN

The District has adopted a single employer defined contribution pension plan administered by Colorado Counties Officials and Employees Retirement Association (CCOERA) which covers substantially all employees (minimum eligibility requirements of 20 or more hours of work per week and one full year of continuous service). Contribution requirements of the District and eligible employees are established and may be amended by the District Board of Directors. Eligible employees must participate in the plan with an elected contribution between 3% and 8% of gross wages less overtime pay. The District matches the employees elected contribution level. Withdrawal from the Plan may occur only upon retirement, death, disability or termination of employment. Employees vest 100% in personal contributions and 20% for each year of employment in employer contributions. District contributions for employees who leave employment before five years of participation are used to reduce the District’s current period contribution requirement. There is no liability for benefits under the plan beyond the District’s matching payments.

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 – PENSION PLAN (CONTINUED)

For the year ended December 31, 2015, employee contributions totaled \$67,777, and the District recognized pension expense of \$66,493. During 2015, forfeitures in the amount of \$1,284 reduced the District's pension expense.

At December 31, 2015, the District had 12 current active plan members and the District's liability to the plan amounted to \$2,871.

NOTE 8 – DEFERRED COMPENSATION PLAN

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by Colorado County Officials and Employees Retirement Association (CCOERA). Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death or unforeseen emergencies.

NOTE 9 – COMMITMENTS

Management and Maintenance Agreement

The District has an intergovernmental agreement with Southwest Metropolitan Water and Sanitation District (Southwest) to provide management, maintenance, inspection and clerical services. Under the agreement, the District bills Southwest monthly for its proportionate share of costs. During 2014 the contract was renewed for ten years with an option to renew for successive five year periods after December 31, 2024. During 2015 the District earned reimbursement for contract services from Southwest in the amount of \$1,003,781.

Operating Lease Agreement

The District has an agreement for office and storage space with Southwest. The District jointly funded the expansion and renovation of Southwest's office space being used for District operations. The District paid 30% of the construction costs and began amortizing the prepaid lease payment of \$618,417 on July 1, 2000. The District amortizes the prepaid lease costs over 40 years. At December 31, 2015, the balance of the prepaid lease amounted to \$381,092. The District pays Southwest a monthly rent and a proportionate share of the operation and maintenance expense determined on a quarterly basis. The Intergovernmental Agreement for Joint Office and Garage Facility will be effective until December 31, 2018, with the option for renewal for successive periods not to exceed five years each. Upon termination, the District will be entitled to 30% of the appraised replacement value of the joint facility excluding land value. Operation and maintenance costs paid to Southwest during 2015 amounted to \$21,820

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 – COMMITMENTS (CONTINUED)

Contracts for Services

The District has entered into intergovernmental agreements with Bow Mar Water and Sanitation District (Bow Mar), Columbine Water and Sanitation District (Columbine), Lochmoor Water and Sanitation District (Lochmoor), and Valley Sanitation District (Valley) to provide certain administrative and maintenance services. The District bills Bow Mar, Columbine, Lochmoor, and Valley monthly for work performed based on agreed upon rates of hours worked and cost of materials. During 2015 the District earned \$248,666 which is recorded as contract services.

NOTE 10 – 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). 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, general and automobile liability, public officials, auto physical damage, inland marine, and boiler and machinery. In the event aggregate 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.

The District maintains commercial insurance for injuries to employees (worker's compensation). Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 11 – TAX, SPENDING AND DEBT LIMITATIONS

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

PLATTE CANYON WATER AND SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 11 – TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 4, 2003, a majority of the District's electors authorized the District to collect, retain and spend all revenues and other funds received from all sources, including without limitation the District's existing general operating property tax rate of 7.104 mills, commencing January 1, 2004, for general operations and capital improvements as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under Article X, Section 20 and as a permanent waiver of the 5.5 percent limitation under Section 29-1-301 C.R.S.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2015, the District's reserve of \$82,500 was recorded as a restriction of net position in the enterprise fund.

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

SUPPLEMENTARY INFORMATION

PLATTE CANYON WATER AND SANITATION DISTRICT
SCHEDULE OF OPERATING EXPENSES
ENTERPRISE FUND
For the Year Ended December 31, 2015

(with comparative totals for December 31, 2014)

	2015	2014
WATER OPERATIONS		
Personnel	\$ 132,048	\$ 95,600
Operations and maintenance	220,756	212,298
Depreciation and amortization	288,328	282,294
Equipment and vehicles	8,578	11,911
Insurance	6,969	5,650
Communications	2,136	2,078
Total water operations	658,815	609,831
SEWER OPERATIONS		
Personnel	195,353	149,277
Operations and maintenance	34,802	45,083
Depreciation and amortization	180,487	181,667
Equipment and vehicles	17,740	23,794
Insurance	10,309	8,823
Communications	3,160	3,245
Total sewer operations	441,851	411,889
CONTRACT SERVICES		
Personnel	1,042,211	893,862
Operations and maintenance	17,055	18,511
Depreciation and amortization	99,531	85,845
Equipment and vehicles	43,547	57,059
Insurance	10,261	9,310
Office Expenses	91,873	98,280
Communications	8,763	8,507
Total contract maintenance	1,313,241	1,171,374
GENERAL AND ADMINISTRATIVE		
Personnel	302,473	314,459
Professional and consulting	75,193	91,385
Operations and maintenance	7,306	9,830
Depreciation and amortization	26,852	27,525
Insurance	15,963	18,585
Office expenses	51,349	51,782
Other	5,194	5,868
Total general and administrative	484,330	519,434
Total operating expenses	\$ 2,898,237	\$ 2,712,528

PLATTE CANYON WATER AND SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS AVAILABLE
BUDGET AND ACTUAL (Non-GAAP BUDGETARY BASIS)
ENTERPRISE FUND
Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUE			
Contract Services	\$ 1,079,100	\$ 1,252,447	\$ 173,347
Property taxes	1,256,337	1,254,253	(2,084)
Specific ownership taxes	81,662	101,916	20,254
Net investment income	78,926	121,230	42,304
Sale of property and equipment	7,500	-	(7,500)
Tap fees	-	9,800	9,800
Other	4,080	9,905	5,825
Total revenue	2,507,605	2,749,551	241,946
EXPENDITURES			
OPERATIONS AND ADMINISTRATION			
Operations and Maintenance			
Water	120,500	221,842	(101,342)
Sewer	74,500	36,232	38,268
Equipment and vehicles	83,500	69,865	13,635
Communications	16,200	14,059	2,141
Building maintenance	29,225	21,845	7,380
Personnel			
Wages	1,050,060	1,241,317	(191,257)
Benefits	492,505	430,768	61,737
Office Expenses	131,950	112,808	19,142
Professional and consulting	117,500	105,607	11,893
Insurance	46,500	43,502	2,998
Other	24,845	24,032	813
Total operations and administration	2,187,285	2,321,877	(134,592)
CAPITAL OUTLAY			
Water distribution system	625,000	24,888	600,112
Sewage collection system	199,800	135,225	64,575
Vehicles	391,000	335,082	55,918
Maintenance equipment	70,000	32,701	37,299
Office equipment	30,000	19,346	10,654
Contingency	198,948	-	198,948
Total capital outlay	1,514,748	547,242	967,506
Total expenditures	3,702,033	2,869,119	832,914
EXCESS OF REVENUE OVER EXPENDITURES	(1,194,428)	(119,568)	1,074,860
FUNDS AVAILABLE - BEGINNING OF YEAR	10,523,457	10,611,239	87,782
FUNDS AVAILABLE - END OF YEAR	\$ 9,329,029	\$ 10,491,671	\$ 1,162,642
Funds available is computed as follows:			
Current assets		\$ 12,355,347	
Current portion of prepaid lease		(15,460)	
Current liabilities		(124,293)	
Non-current portion of compensated absences		(235,923)	
Deferred property tax revenue		(1,488,000)	
		\$ 10,491,671	

**PLATTE CANYON WATER AND SANITATION DISTRICT
RECONCILIATION OF ACTUAL (Non-GAAP BUDGETARY BASIS) TO STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUND
Year Ended December 31, 2015**

REVENUE (BUDGETARY BASIS)	\$ 2,749,551
Contributed capital assets	115,000
Total revenue per statement of revenues, expenses and changes in net position	2,864,551
EXPENDITURES (BUDGETARY BASIS)	2,869,119
Depreciation and amortization	595,198
Acquisition of plant and equipment	(547,242)
Total expenses per statement of revenues, expenses, and changes in net position	2,917,075
Change in net position	\$ (52,524)

OTHER INFORMATION

**PLATTE CANYON WATER AND SANITATION DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS
December 31, 2015**

Year Ending December 31,	Subdistrict No.1 \$400,000 General Obligation Loan Dated June 30, 2006 Interest rate 3.75%		Subdistrict No. 2 \$475,000 General Obligation Loan Dated July 15, 2008 Interest rate 3.50%		Totals		
	Interest Due May 1 and November 1	Principal Due May 1 and November 1	Interest Due May 1 and November 1	Principal Due May 1 and November 1	Total Interest	Total Principal	Total
	2016	\$ 9,391	\$ 19,133	\$ 10,398	\$ 18,688	\$ 19,789	\$ 37,821
2017	8,667	19,858	9,738	19,347	18,405	39,205	57,610
2018	7,916	20,609	9,054	20,031	16,970	40,640	57,610
2019	7,136	21,389	8,347	20,738	15,483	42,127	57,610
2020	6,326	22,199	7,615	21,470	13,941	43,669	57,610
2021	5,485	23,039	6,857	22,229	12,342	45,268	57,610
2022	4,614	23,911	6,072	23,013	10,686	46,924	57,610
2023	3,710	24,816	5,259	23,825	8,969	48,641	57,610
2024	2,769	25,755	4,419	24,667	7,188	50,422	57,610
2025	1,794	26,730	3,548	25,538	5,342	52,268	57,610
2026	783	27,742	2,646	26,439	3,429	54,181	57,610
2027	-	-	1,713	27,371	1,713	27,371	29,084
2028	-	-	745	28,340	745	28,340	29,085
	<u>\$ 58,591</u>	<u>\$ 255,181</u>	<u>\$ 76,411</u>	<u>\$ 301,696</u>	<u>\$ 135,002</u>	<u>\$ 556,877</u>	<u>\$ 691,879</u>